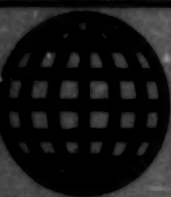


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CZECHOSLOVAKIA

No Alternative to Government Procedure

90CH0360D Prague HOSPODARSKE NOVINY
in Czech 1 Aug 90 p 6

[Article by Eng. Kamil Janacek, doctor of science candidate, Economic Institute of the Czechoslovak Academy of Sciences: "There Is No Alternative to the Government's Procedure"]

[Text] In recent weeks the reform program of our Federal Government stirred up a far-reaching discussion—lively, controversial, yet characteristic for their common denominator: Prevalent are critical voices of economists from central agencies of the state administration, enterprise sphere and theoretical front, calling attention to the blank spots in the reform. There is no lack of calls for a specific scenario to provide a detailed program for reform measures over the next two years. Nevertheless, one-sided approaches and judgments, such as distinguish, for instance, the article "Risky Operation" (HOSPODARSKE NOVINY No. 28, 1990) by Eng. Eduard Mikelka, must be dispensed with and in the interest of professional accuracy, facts and planned as well as gradually implemented measures must be objectively analyzed.

Critical appraisals focus on several problems. The first among them are potential negative effects of restrictive budgetary and currency policies, with an emphasis on dangers of a stagnation or recession of Czechoslovak economy and of a stepped-up inflation.

Restrictive Policies

In my opinion, the conclusions of analyses of our national economy do not blame restrictive budgetary and currency policies for the decline in the rate of growth of our industrial and construction production over the first six months of 1990. According to those analyses—against the background of long-term deceleration of our economic growth—various factors acting in the Czechoslovak economy generate antagonistic effects on the rate of growth and on the economic balance (for details see the supplement to HOSPODARSKE NOVINY No. 24, 1990).

It is obvious that part of the decline in production is positive, because the productions in question are not lucrative for our national economy and will be phased out. However, their replacement by the development of productions of goods that the market demands is lagging behind; slow structural upgrading intensifies our economic imbalance. Part of the enterprise sphere hesitates to make any changes, and tries to shift their costs exclusively to the center; enterprises that are prepared for changes and intend to make them are still hampered by certain obstacles of macroeconomic systemic and

material conditions that make it very difficult to redistribute resources efficiently to lucrative productions. The center's conceptual selective economic policies are only in the drafting stage.

The current situation may be controlled if basic market-oriented economic reforms are simultaneously implemented and the economic policy is stabilized, which would help span the interval of the transition to a normally operating market and conform with basic logic of the approved reform measures.

Effective stabilizing policies are a vital part of the "package" of reform measures. In view of the existing imbalance in our national economy, they must be marked by a distinctly anti-inflationary character. They must unconditionally support a competitive environment and include thoroughly antimonopolistic measures, liberalization of foreign economic relations, macroeconomic control of wages and incomes, an effective tax policy—in other words, reform programs that are ready to be implemented. For that reason, they cannot be identified only with a restrictive budgetary and currency policy—as it is done in some articles on the pages of HOSPODARSKE NOVINY.

Part of this process includes the formulation of the state structural policy, including the processing of programs for the conversion of production in enterprises, branches or whole areas, in which the center, enterprises and agencies of local administration, or as the case may be, of self-administration, will participate.

Schedule of Measures

Several economists warn against scheduling too many above-mentioned measures for a brief period of time; they suggest that, first, enterprises should be consolidated, the potentially lucrative enterprises identified, and only then prices and foreign economic relations should be decontrolled. However, experiences of the past attempts at reforms in Czechoslovakia as well as the example of some reforms undertaken by our neighbors have shown that expected results had not been produced if the stages of the reform were scheduled over a much too long period and that they may turn out to be just opposite. To make decisions, our government and enterprises must know the real parameters—prices, interest, and rates of exchange. Therefore, decontrol of prices and foreign economic relations, demonopolization and privatization must run concurrently and not to prolong our transition to a market economy.

Questions of Privatization

In the same way, experience has underscored that the state enterprise in its current form cannot be reformed. Hence, the emphasis on privatization. Discussions about the reform cannot be in fact narrowed down to privatization alone, but on the other hand, without it our Czechoslovak economy cannot be transformed from its current form into a modern, socially-oriented market economy.

In view of the range of privatization, this process will assume several forms because it is axiomatic that various types of ownership will operate one alongside another. Therefore, it is somewhat misleading that the discussion about the forms of privatization is so frequently reduced to a discussion whether or not to use the method of distribution of property coupons to citizens. It is done with such a passion that in the heat of conflicts the fact is forgotten that this method should not be the prevalent form of privatization; none of the proposals consider that coupons distributed in that manner would amount to more than 15-20 percent of the value of enterprises turned over to private ownership. Because the Czechoslovak economy has lost considerable assets and cannot attract—for various reasons—sufficient foreign investments, this method must be seen as an instrument for acceleration of the process of privatization which will, among other things, help assign a more realistic value to the assets of Czechoslovak enterprises. Such advantages must be weighed against potential risks, especially against the possibility that ownership coupons may be turned by consumers into “hot” ready cash.

Price Decontrol

Thorough comparison of costs and profits is absolutely necessary also when assessing other steps to our economic reform. When planning price decontrol as of 1 January 1991, it must be considered whether to implement it as a one-time act or in several steps. It would be desirable to absorb first—in three to four months—the impact of our transition to world prices in our trade with the USSR and other CEMA countries, and then continue in additional areas. Nevertheless, it is true that prices must be rapidly decontrolled so that real prices begin to function as soon as possible.

This procedure highlights the control of the inflationary process which—in view of the existing imbalance—will be the outcome of decontrolled prices. Our government should set the ceiling for the growth of inflation that will not distort the conduct of economic subjects to a major extent; it should stipulate the intensity of the “brake mechanisms” in accordance with real developments. Brakes on inflation include, among other things, determination of the range of prices to be set or limited by the government (for basic raw materials, selected food products, rents, transportation, power). It is obvious that this will call for a combination of economic and administrative procedures of control, and that those factors will affect the rigidity of the government's attitude during wage negotiations.

In specific economic policies it always is a question of assessing the costs and effects of the chosen measures (in fact, even hesitation, inertia and indecision have their price). In discussions of the reform program and other measures of our government's policies economists should assess especially their potential risks, costs and above all, their impact on our social sphere. Economists must say “no” to politicians whenever the proposed solutions are clearly not feasible from the economic

point of view. By the same token, we must emphatically reject allegations of certain colleagues-agnostics that the economic theory cannot be applied. Its conclusions are generalized observation and analyses of socioeconomic processes, and thus, they may be applied for solutions of some basic problems in the Czechoslovak economic restructuring. At least, its conclusions and postulates show what is impossible.

The reform program of our government is well known; despite some proclamations, to date no other alternative to the program of the government has been submitted, and thus, there is nothing to discuss about that matter. Of course, all specific steps, procedures and measures of the reform must be discussed because nearly each of those measures may have some variations. Expert discussions should therefore help select the variant of the solution which offers the greatest advantages, or which involves the lowest social costs.

Former Interior Minister on Trotsky's Stay in Prague

90CH0415A Prague LIDOVE NOVINY in Czech
1 Sep 90 p 5

[Article by Rudolf Barak, minister of interior 1953-61: “Trotsky's Murderer Did Live in Prague!”]

[Text] One day in the morning, I was visited at the Ministry of Interior by P.N. Medvedev, my chief adviser. He was in an official mood and went directly to the point: I have a telegram from Moscow and it is absolutely top secret! The Politburo itself dealt with it; what is in the message is not known even to the Ambassador! This is what it is all about: In Mexico, Trotsky's murderer Ramon Mercader alias Jacques Mornard has been released. He has been released in an exchange deal and following an agreement between the Soviet and the Mexican governments, he can leave the country. The assignment is: Transport Mercader-Mornard to a safe place. The Politburo is of the opinion that only a staff member of the Czechoslovak Embassy can assume responsibility for him and transport him through Cuba to the CSR. So much for the message from Moscow. And Medvedev continued: First thing after receiving the message I took stock of the situation; the resident in Mexico is an able intelligence man and can be relied on. I recommend that he be invited to Prague for consultations.

In the meantime, operational plans were underway with consultations with Moscow. The resident in Mexico received, following his arrival, detailed instructions on how to proceed. On his return trip he made a stop over in Cuba where he informed them about the action and also requested that Mornard be allowed to stay in Cuba for a few days. At the time, several Czechoslovak advisors from Security were working in Cuba, so that the preparations went smoothly. The entire operation was the responsibility of the chief of the American section, Lt.Col. Nacvalac.

The resident announced after his return to Mexico that he had a passport for Mornard and requested that he be turned over to Czechoslovak officials. Mornard was on good terms with the prison commander, and so there were no problems and the goodbyes were brief and cordial. Mornard and the resident flew to Havana, from where they immediately sent a coded message to Moscow. Mornard was received by Fidel Castro and held a lengthy discussion with him in the presence of Raul Castro but he stayed in Havana only a few days; it was not safe for him there. He was offered a choice of where to live: in Moscow, Hungary, Bulgaria, or Czechoslovakia. He chose Prague, as it was the most acceptable to him. Accompanied by two staff members of our intelligence service, Mornard flew from Havana to Prague. Here he was under the care of General Medvedev, and on our part of my deputy, Karel Klima.

Mornard seemed to be content here, he had no comments to make. He refused to talk about the Trotsky case. He was getting acquainted with Prague, historical objects interested him. At his request Klima went with him to Brno, Bratislava and other places in Slovakia. But Mornard longed to get to the West. After an agreement with Mielken, the chief of Security in the GDR, he also spent several days in Berlin, but that was a dangerous territory for him according to the East German Service. He had to go back to Czechoslovakia.

In Czechoslovakia he lived quietly, to calm his nerves, as he himself used to say. One time Klima informed me that Mornard would like to talk to me. We agreed on the next Tuesday at 1400 hours in my office. Present at the meeting were Klima, Medvedev, and a translator from the first bureau. After greetings and some polite phrases, I asked him about his plans. He said that he was considering returning to Spain. He understood that it was not a simple matter, not only for security but also for political reasons. He said he was therefore glad that he could live in our country. But the Soviets wanted him to live in the Soviet Union because it was safer there. Therefore he considered his stay here to be temporary, even though he liked it here; "I am used, even though it may sound strange in my case, to have at least a little freedom. I had a lot of freedom in Mexico, I could even go downtown. I could have even escaped but the commander of the prison was my friend and I could not do that to him. My plan is to live for some time in the USSR after leaving here, and wait for an opportune time to return to Madrid. I am particularly looking forward to seeing my mother with whom I frequently corresponded when I was in Mexico."

Mornard asked Medvedev several times whether his control officer, NKVD Colonel Leonid Ejtinger, of whom he had good memories, was still living. He did not want to talk about the incident, he said it made him nervous. He only commented that he had been preparing his inner self for that act for a long time, and sometimes felt that he was not going to be up to it. Trotsky, he said, had a very excellently organized protection. But as a journalist he nevertheless got to him. Otherwise, the

discussion concerned his plans and interests. He very much enjoyed his excursions to Southern Moravia, Slovakia, and Bratislava. Klima even took him to my birthplace Blansko in the Moravian Karst. At the conclusion of the discussion he stated that the act was his political task and that his mother supported it. He was an intelligent, handsome man, of attractive appearance, a good conversationalist and good company, who spoke several languages.

Moscow regularly monitored his stay and required regular reports. All costs connected with Mornard's stay were defrayed by the KGB, including the costs of our officials who cooperated in the action.

Our counterespionage learned that the American Embassy was probing into Mornard's stay in Czechoslovakia. He was therefore moved from Jevany to Prague, where he lived on Korunovacni Street not far from the Ministry of Interior. The Americans obtained detailed information from Cuba and the Czechoslovak soil began to be dangerous for Mornard. Medvedev sent a cable to Moscow and soon after a message came from there that Mornard's stay here was at an end and that he will move to Moscow permanently. He said goodbye to our officials and left in a military plane. From Moscow he conveyed through advisors greetings and thanks.

HUNGARY

Justice Minister Discusses Overhaul of Judiciary System

90CH0375A Budapest VILAG in Hungarian 5 Jul 90
pp 32-33

[Interview with Minister of Justice Istvan Balsai by Rita K. Gyurko; date and place not given: "Reregulation; The Courts' Task Is Not To Seek but To Administer Justice"—first paragraph is VILAG introduction]

[Text] Today it is the republic and not the people's republic which the courts represent in dispensing justice, yet the rules of law and the problems they are confronted with—lack of judges, closed legal profession and confusing statutes—remain as before. Already under the Nemeth government it became unclear which ministry was responsible for which aspect of lawmaking. Some of the tasks performed by the Justice Ministry overlapped the responsibilities of the Interior Ministry. Istvan Balsai, the Antall government's justice minister, appears to be anxious to change this state of affairs.

[Balsai] I would like, first of all, to straighten out the way the different roles are assigned within the cabinet. Furthermore, I would like to see the Ministry of Justice, as the organ responsible for ensuring uniformity in the way statutory provisions are drafted and the legal system is shaped, consult with every organization concerned before submitting something to the government. From the professional and technical standpoint, the statutory provisions drafted during this past year present a very

unfavorable picture. We must change this, and allow the requirements of the profession to outwardly manifest themselves.

[Gyurko] Reading some of our old, but still valid laws and statutes one finds that from a great many of them they have not even dropped the socialist adjective.

[Balsai] That is true; however, the deregulation has not yet been concluded. There are still many areas of law that await reregulation. What we need is not a campaign-like, large-scale approach to deregulation, but rather a far reaching and consistent policy aimed at simplifying our statutes, by addressing the each field of law individually. The other side of the problem is this increasingly enormous desire out there to regulate. This will need to be curbed and screened. We need to build into the system a mechanism that will enable us to ask: Do we really need to adopt a certain statutory provision, and does it have to contain everything that its proponents want it to contain? We must also examine the budgetary impact of the given statutory proposal. For it is very simple to introduce administrative regulations, only to find out later that the costs involved are so prohibitive that it was not worth it to begin with.

[Gyurko] In drafting certain basic laws, the parliament also decided last fall to have the courts assume some of the responsibilities of the public prosecutor's office, thus placing additional burdens on our already overworked judges.

[Balsai] One of our plans calls for improving the quality of our courts' work. Hence we would very much like to help our courts.

[Gyurko] How, by what means and when?

[Balsai] There are personal and financial considerations involved. It will be a long process, for it will also require changes in the organization of our judicial system. The drafting of the new judiciary law is already under way. It is conceivable that the current arrangement will be replaced with a two-tiered system of appeals. This in place of the existing four-tiered judicial and three-tiered organizational system.

[Gyurko] Will this leave the courts with more money and more judges?

[Balsai] Those who think that the situation of our judiciary can be remedied by magic are wrong. If, by starting the day after tomorrow, in four to five years we are able to produce some perceptible changes by way of steadily improving the actual conditions facing us, that will already be quite an accomplishment. In my opinion, however, even our civil procedural law is plagued by fundamental problems. For in international comparison there are no fewer judges in Hungary than anywhere else. Hungarian procedural law rests on a flawed philosophy that places most of the burdens of trying a case on the courts, and very little on the litigants. The courts' job is not to seek, but to administer justice. Let the litigants do

the seeking. Through their legal representatives they should do everything in their power to prove the merits of their case. Judges, on the other hand, should use the law to determine who is right and who is wrong on the basis of what the litigants present to them in support of their case. This would significantly ease the burden of our judges, and enable them to try more cases with less effort.

[Gyurko] Lawyers frequently complain about having to belong to cooperatives.

[Balsai] Here, too, we can expect some changes. Through their self-administrative organizations, the lawyers themselves are taking steps to change this. The solution, however, only appears simple on the surface. The existing cooperative system could be eliminated with a stroke of a pen, but this would only cause financial and social insurance-related problems. It would not be propitious, for example, to tinker with the competency requirement which has always been one of the cornerstones of the legal profession. We must, however, part with the existing system of admissions, and make it possible for all trained law students who meet the requirements of the profession to become lawyers. Provided, of course, that they do not accept other types of legal advisory work in addition to their responsibilities as lawyers.

[Gyurko] Should the cooperatives become eliminated, how will those accused of a crime be able to have an attorney appointed to represent them?

[Balsai] From a register. Lawyers (whether they have a private practice and receive individual clients at home, or belong to a cooperative) will have to make themselves available to be called upon to provide counsel, or to stand in to represent someone in a criminal case as requested by the appropriate authorities. In Holland, for example, which has a strict mandatory system of legal representation, they have found an interesting legal solution. There, under the auspices of the Ministry of Justice, the state maintains a large law office, where state employed lawyers provide legal representation as a social service. Those with moderate incomes are entitled to be appointed legal counsel at reduced rates or free of charge. I do not believe that this is a pressing problem for us at this time, but in a few years, when the parliament takes up the issue of civil procedures, it is certain to come up again.

[Gyurko] Practicing lawyers have long been pressing for the establishment of a uniform court recess. Is the ministry considering introducing a *dies non*?

[Balsai] Although it is not specifically stated anywhere, the recess is already being observed. Should the judicial system I have outlined someday become a reality, there will be nothing to prevent litigants, legal representatives, administrators and judges from being able to look forward to an administrative recess, let us say, in August. This should not cause any confusion, as for all practical purposes the current situation is worse. As things stand,

the system comes to a halt for the whole summer, with practically nothing more than alibi trials being conducted. In the future, under the new system we will be able to ensure that during the court recess no new cases are scheduled to be heard, and that cases in progress are developed to a point where everyone concerned can take advantage of a month-long rest period.

Impounding Weapons: Legality of Action Questioned

Lack of Authority Cited

90CH0455A Budapest NEPSZABADSAG in Hungarian
6 Sep 90 p 6

[Unattributed interview with Deputy Supreme Prosecutor Dr. Istvan Szabo on 5 September; place not given—first two paragraphs are NEPSZABADSAG editorial introduction, last paragraph is NEPSZABADSAG commentary]

[Text] The Office of the Supreme Prosecutor expressed serious reservations about the constitutionality and legality of the interior minister's directive to impound weapons held by citizens for self defense. The concern was expressed in a letter written to the interior minister on Tuesday [4 September].

We asked Deputy Supreme Prosecutor Dr. Istvan Szabo yesterday [5 September] afternoon about this.

[Szabo] In our view the ministerial directive conflicts with two legal provisions: first with the State Administrative Procedure Act, and second, with the Legislative Law. One cannot issue a directive regarding citizen rights and duties! Aside from that, the interior minister's directive was not published in MAGYAR KOZLONY.

Insofar as implementation is concerned: The justification supportive of the determination delivered to citizens is inconsistent with rules provided by the State Administrative Procedure Act. No individual justification was provided for each person, and the stenciled standard text fails to clearly reveal the reasons for urgent implementation.

[NEPSZABADSAG] Accordingly, you already dispatched the letter to the minister of the interior. What will be the next step?

[Szabo] We adopted a wait-and-see attitude. We will decide on further action to be taken based on the minister's view. The supreme prosecutor may initiate a legal challenge or turn to the Constitutional Court.

[NEPSZABADSAG] This Interior Ministry action has preoccupied the public for days. Did you receive any indications from citizens?

[Szabo] Yes, we received several reports from citizens.

In response to our inquiry Interior Ministry press spokeswoman Eszter Szabo told this newspaper

Wednesday [5 September] afternoon that Interior Minister Balazs Horvath received the Supreme Prosecutor's letter relative to restricting the use of self defense weapons yesterday, i.e., on 5 September. The Ministry is in the process of formulating a position. The spokeswoman's statement suggested that the impounding of self defense weapons will be continued by policemen authorized to do so.

Resignation Suggested

90CH0455B Budapest NEPSZABADSAG in Hungarian
6 Sep 90 p 3

[Editorial by Laszlo Gyurko: "Law, Minister"]

[Text] Half-educated people are most dangerous. The ones not competent in a given science or trade, but who heard about these, and interfere on the basis of what they heard.

I belong to this group of people insofar as the law is concerned. I have no idea about paragraphs, but during my life a thing or two stuck in my mind.

I know, for example, that a citizen will be punished if he violates the law and if he is caught in doing so. Just as it should be: by way of a fine or imprisonment.

But what is the case if the one who violates the law happens to be the minister? Could it be that this was the case in the present instance? According to information provided by the Deputy Supreme Prosecutor it could be that the minister had no authority to use his chosen method to issue a ministerial directive and order the impounding of self defense weapons. The method of implementation also raised concern. What happens if it is established that the law was violated by the fact that the minister issued an unlawful directive, and that the directive was implemented contrary to law?

I indicated already that I was not familiar with paragraphs, but I am interested to see what legal consequences this affair will draw. I heard of situations in which persons causing damage in an illegal manner must mitigate the damage. One wonders: if the concerns raised by the prosecutor's office turn out to be correct, will the minister's budget be debited for the several thousands (?) of man hours spent by several hundred (?) policemen on illegally implementing the illegal directive? Including the several thousands (?) of liters of gasoline, the use of cars, etc.?

I also heard of situations in which a person who illegally takes away another person's property must return such property. One wonders, will the patrols return the several thousands of self defense revolvers to their legitimate owners in this case, and if so, will they do so with the same expedience as they were confiscated? And will the minister be charged with the costs of this action?

I took the risk of making a hesitant assumption on the pages of this newspaper, according to which this rapidly implemented raid was designed to serve propaganda

purposes far more than it had real reasons. But I would not even have dared to make a hint to the effect that the way the action was implemented was illegal. I thought that the first man in the state administration, himself a well-trained jurist will be competent in this regard. Or if he was not competent, he would have a sufficient number of in-house experts with whom he may check.

I erred in this regard just as I did in regard to the propaganda value of the ministerial action.

I also heard of situations in which a minister gets out of his velvet chair if he makes a big mistake. But this matter does not involve legal issues. It constitutes a political and moral issue. On the other hand, such a thing has not taken place in Hungary ever since one can remember.

Interior Minister Responds

90CH0455C Budapest NEPSZABADSAG in Hungarian
7 Sep 90 p 5

[Article by Interior Minister Dr. Balazs Horvath: "The Journalist's Responsibility"]

[Text] In the 6 September 1990 issue of NEPSZABADSAG Laszlo Gyurko called on me to resign my ministerial appointment, because "a minister gets out of his velvet chair if he makes a big mistake." Gyurko's foundation for all this is a legal and a personal opinion expressed by Deputy Supreme Prosecutor, Dr. Istvan Szabo, published in newspapers. In a curious manner, however, Gyurko does not consider the possibility that the deputy supreme prosecutor or he, Gyurko, may have erred, and what should be done if that was the case. I do not expect Gyurko to draw any conclusions based on his error. He failed to draw any conclusions—I believe—when he found out after publishing his book glorifying Janos Kadar that as an author he misplaced the party leader in a historical sense.

Quite naturally, had I erred, I could excuse my error by saying that in the odd, unusual world of systems change. I began serving as a minister only a few months ago. I know that a statement like this could not serve as an excuse, just as the error and erroneous legal interpretation provided by Dr. Istvan Szabo could not serve as an aggravating circumstance in regard to the fact that he has been working for the Supreme Prosecutor's Office only for about two years. Prior to that he was one of the responsible leaders of the Hungarian Socialist Workers Party [MSZMP] Central Committee apparatus.

In reaching my decision, I started out from the fact that the purpose of the directive I issued to the head of the National Police Command was proper, that the action to be taken was desired by society, and that according to my colleagues and constitutional law experts the action taken did not conflict with the law.

Since my position is based on my own good intentions, I would not even assume that those who hold the opposite view would have given serious consideration to what

Gyurko wrote in response to his initial passion. According to Gyurko this rapidly implemented raid was designed to serve propaganda purposes. I presume that Gyurko is familiar with the Hungarian Democratic Forum [MDF] and the cabinet program. I may be somewhat bold when I think that Gyurko might also be familiar with my point of view, which holds that there should be no armed citizens in Hungary who own self defense weapons as status symbols.

Former Secret Service Staff: SZDSZ Introduces Legislative Proposal

90CH0456B Budapest NEPSZABADSAG in Hungarian
4 Sep 90 p 4

["Excerpt" from legislative proposal introduced by the Alliance of Free Democrats (SZDSZ): "Independent Legislative Proposal"—first paragraph is NEPSZABADSAG introduction]

[Text] The following are excerpts from the legislative proposal on the handling of data pertaining to "top secret" status officers on the staff, and network persons listed in the records of the former division III/III of the Ministry of the Interior.

To enhance the purity of democratic public life after the changing of systems, to establish limitations on further political and public activities of persons who in the past system performed tasks most clearly commissioned by the organization which performed functions of political oppression, and further, to prevent possible abuse, based on 40/A of the Constitution, the National Assembly creates the following law:

1.(1) Within eight days from the effective date of this law a record [hereafter: "Record"] shall be established of data pertaining to persons who served as officers of the "top secret" staff of the former division III/III of the Ministry of the Interior, and who were commissioned by the same organization as "network persons" and are listed in the records of the Ministry of the Interior. The Record shall contain the basic personal data of these persons, and shall reference the document on the basis of which their inclusion in the Record was justified.

1.(2) Copies of the Record shall be forwarded without delay to the President of the Republic, the Prime Minister and the National Security Committee of the National Assembly. The Minister of the Interior, and the Minister Without Portfolio supervising the national security services shall be jointly responsible for the correctness of the Record.

2.(1) After the passage of 60 days following the effective date of the law, the President of the Republic shall publicize the names of all persons enumerated in the Record who at the time of publicizing the Record hold jobs, offices or commissions relative to which they are obligated to take an oath of office.

2.(2) After the passage of 30 days following the effective date of the law, the President of the Republic shall notify all persons whose name is to be publicized pursuant to this law, and who have not resigned their respective jobs, offices or commissions. Following notification, at the request of the persons involved, the President of the Republic may examine the authenticity of data contained in the Record. In the event that substantial doubt arises concerning the authenticity of documents which served as the basis for inclusion in the Record, the President of the Republic shall refuse to publicize the Record, with the concurrence of the prime minister and of the National Security Committee of the National Assembly.

2.(3) Data pertaining to persons defined in 2.(1) shall be classified as state secrets, provided that these persons resign the jobs, offices or commissions they hold. Resignation may take place voluntarily prior to the deadline established in 2.(2), or following that deadline in response to the notice received from the President of the Republic, but prior to the deadline specified by law for publicizing the data.

3. Data pertaining to other persons enumerated in the Record, but not affected by the provisions of 2. shall be classified as state secrets.

4. In the event that the President of the Republic determines on the basis of an examination to be conducted twice a year that the Record contains data of additional persons to whom the provisions of 2.(1) apply, the appropriate provisions of this law shall be followed, except that the time limitations specified in 2.(1) and 2.(2) shall be counted beginning on the date the examination takes place.

State Secretaries: Scope of Authority Defined

90CH0382A Budapest MAGYAR KOZLONY
in Hungarian No 49, 22 May 90 pp 1149-1152

["Text" of Law No. XXXIII/1990 enacted by the National Assembly on 15 May: "The Interim Regulation of the State Secretaries' Legal Status;" "text" of the justice minister's exposition]

[Text]

Text of Law

To implement Section 39, Paragraph 2, of the Constitution, the National Assembly has enacted the following law:

Law's Applicability

Section 1

The provisions of the present law apply to political, titular, permanent and deputy state secretaries, employed in ministries of the Republic of Hungary and in the Prime Minister's Office.

Political State Secretary

Section 2

1. On the prime minister's proposal, the President of the Republic appoints the political state secretary and relieves him of his office. Prior to submitting his proposal, the prime minister consults the minister concerned.

2. The political state secretary's appointment is for the duration of the Council of Ministers' mandate, but the political state secretary remains in office until a new Council of Ministers is formed.

3. During the period specified in Paragraph 2, the political state secretary's appointment ends when he is relieved of his office or upon his death.

Section 3

1. The political state secretary's principal function is to help represent his minister in the National Assembly. Within this function, he may act as the minister's proxy with full authority in the National Assembly, whenever necessary.

2. Once the minister's own appointment has ceased, the political state secretary may not act as his proxy in the National Assembly.

Section 4

At meetings of the Council of Ministers, the prime minister or the minister designated by the prime minister acts as a minister's proxy. The political state secretary may attend meetings of the Council of Ministers, with a voice but no vote.

Titular State Secretary

Section 5

1. On the proposal of the prime minister, the President of the Republic may appoint a titular state secretary to perform a particular function.

2. The titular state secretary's appointment ends: a. When the Council of Ministers' mandate ceases; b. When he is relieved of his office; or c. Upon his death.

3. In the case of Paragraph 2, Item a, the titular state secretary remains in office until a new Council of Ministers is formed.

Permanent State Secretary

Section 6

1. On the proposal of the minister concerned, submitted through the prime minister, the President of the Republic appoints the permanent state secretary to serve indefinitely.

2. Before the minister concerned presents his proposal, the appropriate committee of the National Assembly questions the candidate at a hearing.

3. The permanent state secretary's appointment ends when he is relieved of his office or upon his death.

Section 7

1. The permanent state secretary manages the ministry's administrative apparatus, under his minister's supervision and in compliance with the statutory regulations and departmental requirements.

2. When the political state secretary is not available, the minister may authorize the permanent state secretary to act as the minister's proxy, except in the National Assembly.

Deputy State Secretary

Section 8

1. On the proposal of the permanent state secretary, the minister appoints the deputy state secretary to serve indefinitely.

2. At most four deputy state secretaries may be appointed per ministry.

Section 9

1. The deputy state secretary performs his functions under the permanent state secretary's supervision.

2. The deputy state secretary designated by the minister acts for the permanent state secretary when the latter is unable to perform his duties.

Departures for State Secretaries in Prime Minister's Office

Section 10

1. A political state secretary and the permanent state secretary in the Prime Minister's Office cannot act as the prime minister's proxy.

2. There may be at most four political state secretaries in the Prime Minister's Office.

Disqualifications

Section 11

1. In the absence of provisions to the contrary in the Constitution, none of the persons enumerated in Section 1, Paragraph 1, may:

a. Accept secondary or part time employment, or establish any other kind of legal relationship involving work other than scientific research, teaching or activity protected by laws pertaining to copyright and inventions;

b. Be a member of a supervisory board or of a board of directors;

c. Accept an honorarium for a public appearance associated with his official responsibilities.

2. The permanent state secretary or deputy state secretary may not be an officer of a political party and may not engage in any activity that involves public appearances on a political party's behalf or for its benefit.

3. No exemption may be granted from the provisions of Paragraphs 1 and 2.

Final Provisions

Section 12

1. The present law will become effective the day of its promulgation. At the same time, the following provisions of Law No III/1973 on the Legal Status and Accountability of the Council of Ministers' Members and State Secretaries of the Republic of Hungary will be rescinded: Section 4, Paragraph 3 of Section 5, Paragraph 2 of Section 6, and Section 8.

2. Whenever statutory regulations mention the state secretary and the ministerial state secretary, they should be interpreted to mean the political state secretary and the permanent state secretary, respectively.

3. No reasons have to be adduced for relieving state secretaries of their office when the present law becomes effective.

Signed: Arpad Goncz, Interim President of the Republic
Gyorgy Szabad, Acting Speaker of the National
Assembly

Justice Minister's Exposition

1. The establishment of parliamentary democracy based on a multiparty system necessitates changes in the structure of central public administration and, in close conjunction with the latter, also in the nature of certain top government positions. One of the first elements of such modernization efforts is reregulation as contained in the Draft Law on the Legal Status of State Secretaries (hereinafter: the Draft Law).

In this respect the Draft Law formulates only the fundamental provisions that are indispensable to forming a coalitional government, and it sort of sets the direction for a comprehensive rethinking of the state secretaryship. In view of the close substantive links among them, final and complete regulation of the state secretaries' legal status and responsibilities will only be possible simultaneously with drafting legislative bills on the legal status of ministers and on civil servants, respectively.

According to the regulations now in force, there are two kinds of state secretaryship at present. On the one hand, there are certain central administrative agencies headed by state secretaries who, according to the Law on Legislation, also have authority to issue decrees. On the other hand, there are state secretaries also in ministries; their principal function is to act as the minister's proxies when

he is not available to appear before the National Assembly or to manage the ministry.

Because a suitable basic principle to support the present distinction between ministries and other central agencies is lacking, the Draft Law—in order to unify the legal status of central agencies—does away with the position of state secretary heading a central agency other than a ministry. At the same time, in the spirit of separating the political and the administrative functions within a ministry, the Draft Law replaces the position of ministerial state secretary with the newly introduced positions of political state secretary and permanent state secretary.

2. The Draft Law specifies that, on the prime minister's proposal, the President of the Republic appoints the political state secretary and relieves him of his office. Prior to submitting his proposal, the prime minister consults the minister concerned (Section 2, Paragraph 1).

The provision that the political state secretary's appointment is for the duration of the Council of Ministers' mandate underscores the political nature of the political state secretaryship (Section 2, Paragraph 2).

The political state secretary holds a position of trust. His principal function is to assist his minister's parliamentary work. To that end, he has authority to act as the minister's proxy before the National Assembly whenever necessary. But when the minister's own appointment ends, so does the political state secretary's authority to act as the minister's proxy. The reason behind this is the fact that the political state secretary is not a cabinet member and therefore has no ministerial responsibility (Section 3).

To gain necessary information, the Draft Law allows the political state secretary to be present at Council of Ministers meetings that his minister is unable to attend. In such cases the political state secretary has a voice but no vote, because he is not a cabinet member (Section 4).

3. On the proposal of the minister concerned, submitted through the prime minister, the President of the Republic appoints the permanent state secretary to serve indefinitely. Thus the permanent state secretary's appointment, unlike that of the political state secretary, does not end when the government's mandate ceases. Because of the permanent state secretary's independence of the government in this sense, it is warranted to give the prime minister less authority over the former's appointment than in the case of the political state secretary's appointment. In view of this, the Draft Law emphasizes the initiative of the minister who heads the given ministry. In other words, the minister concerned proposes to the President of the Republic the permanent state secretary's appointment. But the fact that the proposal is submitted through the prime minister gives the latter an opportunity to voice his possible objection to the appointment (Section 6, Paragraph 1).

Since the permanent state secretary is appointed to serve indefinitely and his appointment is not tied to the

duration of the government's mandate, the professional qualifications of this officeholder are especially important. The candidate's public testimony before the appropriate parliamentary committee about his qualifications for office may be of help in choosing the right person, but the committee's opinion is not binding on the minister in submitting his proposal (Section 6, Paragraph 2).

The permanent state secretary's main function is to direct the ministry's administrative apparatus, under his minister's supervision and in compliance with the statutory regulations and departmental requirements (Section 7, Paragraph 1). Thus the permanent state secretary is the ministry's top administrative expert, and the scope of his responsibilities extends essentially to supervising the administrative apparatus.

When the political state secretary is temporarily unavailable, the minister may authorize the permanent state secretary to act as the minister's proxy. However, the permanent state secretary's authority to act as the minister's proxy is limited: he may not appear for the minister before the full National Assembly, because it is warranted to free him from the process of political decisionmaking. Naturally, the permanent state secretary's authority to act as the minister's proxy is limited also in the sense that he may do only what the political state secretary would otherwise be authorized to do (Section 7, Paragraph 2).

4. The next level within a ministry's hierarchy is the position of deputy state secretary, which is again something new that the Draft Law is introducing. As subordinates of the permanent state secretary, the deputy state secretaries manage specialized administrative areas within the ministry. For practical considerations, the deputy state secretary whom the minister designates may stand in for the permanent state secretary when the latter is unavailable. Naturally, the deputy state secretary cannot exercise the permanent state secretary's authority to act as the minister's proxy (Sections 8-9).

5. The Draft Law introduces the position of titular state secretary, which permits the flexible performance of a certain ad hoc government function that is of special importance (Section 5).

6. The Draft Law contains special provisions regarding the state secretaries in the Prime Minister's Office. Taking into consideration the requirements of a coalition government, for example, the Draft Law permits several (four at most) political state secretaries in the Prime Minister's Office. Due to the peculiarities of the position of prime minister, the Draft Law rules out authority for the political or the permanent state secretary to act as the prime minister's proxy (Section 10).

7. The political, permanent, titular and deputy state secretaries hold positions of outstanding importance and enjoy the confidence of the public. Therefore the Draft Law's rules on disqualification prohibit any other gainful employment for them, with the exception of scientific

research, teaching or activity protected by laws pertaining to copyright and inventions. This precludes the possibility that the officials to whom the present law applies might be influenced by outside commitments in carrying out their responsibilities. Over and above this, the permanent state secretary and the deputy state secretary may not hold office in a political party and may not engage in any activity that involves public appearances on a political party's behalf or for its benefit. The reason for this ban is that it guarantees the political nonalignment of the highest level of ministry officials, and hence party-neutral and politically independent public administration (Section 11).

Official Listing of Government Structure

90CH0382B Budapest MAGYAR KOZLONY
in Hungarian No 46, 16 May 90 pp 1118-1119

["Text" of Law XXX/1990: "The Structure of the Government;" "text" of prime minister's exposition]

[Text]

Text of Law

To implement Section 34 of the Constitution, the National Assembly has enacted the following law:

Section 1

The ministries of the Republic of Hungary are as follows:

- Ministry of the Interior
- Ministry of Agriculture
- Ministry of Defense
- Ministry of Justice
- Ministry of Industry and Trade
- Ministry of Environmental Protection
- Ministry of Transport and Telecommunications
- Ministry of Foreign Affairs
- Ministry of Labor
- Ministry of Culture and Education
- Ministry of International Economic Relations
- Ministry of Public Welfare
- Ministry of Finance

Section 2

When the present law becomes effective, the National Planning Office will cease, and the Ministry of Finance will take over the National Planning Office's scope of functions and authority.

Section 3

When the present law becomes effective, the minister of finance will supervise the activity of the National Price Office.

Section 4

Any reference in statutory regulations:

a. To the Ministry of Culture and the minister of culture must be interpreted to mean the Ministry of Culture and

Education and the minister of culture and education, respectively;

b. To the Ministry of Trade and the minister of trade must be interpreted to mean the Ministry of International Economic Relations and the minister of international economic relations, respectively;

c. To the Ministry of Industry and the minister of industry must be interpreted to mean the Ministry of Industry and Trade and the minister of industry and trade, respectively;

d. To the Ministry of Agriculture and Food and the minister of agriculture and food must be interpreted to mean the Ministry of Agriculture and the minister of agriculture, respectively;

e. To the Ministry of Transport, Telecommunications and Construction and the minister of transport, telecommunications and construction must be interpreted to mean the Ministry of Transport and Telecommunications and the minister of transport and telecommunications, respectively;

f. To the Ministry of Social Welfare and Health and the minister of social welfare and health must be interpreted to mean the Ministry of Public Welfare and the minister of public welfare, respectively;

g. To the State Office of Wages and Labor and its chairman must be interpreted to mean the Ministry of Labor and the minister of labor, respectively;

h. To the Ministry of Environmental Protection and Water Management and the minister of environmental protection and water management must be interpreted to mean the Ministry of Environmental Protection and the minister of environmental protection, respectively;

i. To the National Planning Office and its chairman must be interpreted to mean the Ministry of Finance and the minister of finance, respectively; and

j. To the chairman of the National Price Office must be interpreted to mean the minister of finance.

Section 5

1. The present law will become effective at the same time as the new Council of Ministers is formed.

2. When the present law becomes effective, Law No. VII/1987 Listing the Ministries of the Republic of Hungary, as modified and amended by Law No. XVI/1988, will be rescinded.

Section 6

Within 120 days from the day the present law becomes effective, the Council of Ministers must present to the

National Assembly the amending legislative bills necessary to define the new scopes of functions and authority for the ministries enumerated in Section 1 of the present law.

Signed: Arpad Goncz, Interim President of the Republic
Gyorgy Szabad, Acting Speaker of the National Assembly

Justice Minister's Exposition

An important milestone of the change of regimes taking place in Hungary is the modernization of the government structure, a necessary concomitant of which is the partial reorganization of the central organs of public administration.

The Draft Law Listing the Ministries of the Republic of Hungary (hereinafter: the Draft Law) offers a model whose structure reflects the European democracies' government structure and is also in accord with the traditions of Hungarian constitutional law.

The Draft Law is the first stage in the process of reorganizing the government structure and developing the new central organs of state administration.

According to the Draft Law, the Council of Ministers will have 120 days, from the present law's effective date, to introduce in the National Assembly the amending legislative bills necessary to define the new scopes of functions and authority of the enumerated ministries. To ensure the continuity of the government's work, the reorganization must be carried out gradually. Therefore the Draft Law does not contain partial solutions for rearranging the ministries' functions and authority; instead, it merely outlines the government's new basic structure. The 120-day time limit provides sufficient time to prepare a well-founded new government structure and a redistribution of functions and authority.

To consistently assert the institution of ministerial responsibility, the Draft Law takes the first steps toward integrating the so-called other central agencies into the structure of ministries.

To ensure the government's uninterrupted work, the Draft Law contains transitional provisions that clearly regulate the ministries' functions and authority for the 120-day period.

Archival Research Still Restricted by Authorities

90CH0371A Budapest NEPSZABADSAG in Hungarian
21 Jul 90 p 8

[Interview with historian Laszlo Karsai by Gyula Varsanyi; place and date not given: "Legal Protection in Violation of the Law; or When Will the Gates to Our Archives Be Opened?"—first paragraph is NEPSZABADSAG introduction]

[Text] It was with the force of an explosion last year, that at one of the Publicity Club's debate sessions the long

"dormant" issue of the freedom of archival research suddenly burst into the open. Discussed at that large gathering of historians and sociologists were all of the bureaucratic obstacles that stood in the way of collecting information from available documentary materials pertaining to the most recent Hungarian past. At the time it appeared that the problem, which was also widely dealt with in the press, would be quickly remedied: At the end of November, the Nemeth government issued a decree instituting new guidelines for conducting research from public collections of documents. A period of silence ensued, and only recently have we begun to hear new alarm signals from research circles. We have asked historian Laszlo Karsai to summarize these concerns on the basis of his own work experience.

[Varsanyi] What has changed since the enactment of the government decree, and what continues to block or hinder the work of the researcher?

[Karsai] Although the new decree had little to do with it, there is no question that the period between October of last year and May of this year was a real golden era for research, in that we had free access to archival materials. The reason why the decree could not have had anything to do with it is because it contains "elastic rules" that pretty much can be applied as one sees fit. During the above period the boundaries were stretched to the limit, while recently they have become more narrowly defined.

[Varsanyi] What does this mean for the researcher?

[Karsai] My main area of research is the gypsy holocaust in Hungary, and my secondary field is the persecution of Hungarian Jews. To me, therefore, it is the archival materials of the pre-1945 years that are of the greatest, or I could even say vital importance. Once again, however, our efforts to access those materials are running into obstacles.

[Varsanyi] What kind of obstacles are you referring to?

[Karsai] Here is a letter I had received in 1985, in response to one of my requests to conduct research; it says: We are unable to approve your request. Subsequently, through various personal contacts and professional ties I was able nevertheless to get my hands on a permit, which I happily took along to the National Archives. Once there, however, they threw me out so quickly, my head was spinning. For included in my permit was a stipulation allowing me to research everything "except birth certificates." The archivist informed me that the stacks of documents requested by me also contained data of the birth register, hence he was unable to give them out to me.

[Varsanyi] What was the justification for the refusal?

[Karsai] Protection of privacy rights. This concept, however, has never been clearly defined—neither in the past, nor today—hence it has always been interpreted as one saw fit. It is never on the basis of some abstract principle of strict constitutionality that it is being evoked, but

rather for some very specific "down-to-earth" reason. I believe, for example, that one of the reasons why materials of a personal nature were locked away in the past was a "scandal:" one of my colleagues had discovered Janos Kadar's original—Slavic-sounding—name. But there is also another reason which cannot be ignored: I see too much continuity when comparing the personnel makeup of Hungary's instruments of oppression before and after 1945; moreover, there are people still alive who may have had—and may still have—an interest in ensuring that this does not come to light.

[Varsanyi] Who is denying you access?

[Karsai] In part the archives themselves, but even more so the various ministries, who are the legal successors to the former "document producers." I have found that between 1984 and 1988, only the Ministries of Defense and Justice permitted free research, even into personal documents! The Ministry of Foreign Affairs had set the most stringent restrictions. After a long and tedious ordeal, I was eventually able to conduct some research into their materials as well. Therein lies the absurdity of such pseudonaive comments made earlier by certain researchers—kept in favor by the former party state—as the claim that they could not really understand why others had failed to research the history of 1956, when they themselves had had unrestricted access to all materials. Yes, they had access, but the majority did not. This has obviously undermined the profession. Hence for the political historian history essentially ended in 1867.

[Varsanyi] Is this how far back the "protection of privacy rights" has been extended?

[Karsai] Yes, it appears that since they had to draw the line somewhere, that is where they have decided to do it. Actually, these tightened restrictions have only been in effect since 1968. In the early 1960's, the situation was more favorable. The main problem is that by making personal documents inaccessible to research they have completely tied the researcher's hands, for virtually every stack of archival documents contains materials of a personal nature, and in reality, every document may be perceived as having a personal dimension, if for no other reason, because it had to have been written by someone.

[Varsanyi] Is this really how broadly these restrictions have been applied?

[Karsai] It would be best perhaps to take a closer look at the decree in question. As one of its provisions stipulates, all documents pertaining specifically to personal status are to remain off limits to research for a period of 90 years from the day of their creation. With the exception of criminal verdicts, documents related to all contentious and out-of-court cases are subject to a 70-year restriction. Access to documents, the use of which would be potentially damaging to our foreign policy interests (is there anyone who could define for me what this means?) would be indefinitely restricted. Also subject to the same

restrictions are all documents pertaining to the nationalization, after 1 January 1939 (!), of foreign concerns, and the fate of estates of over 100 hectares. The statute also specifies those legal successor authorities that are entitled to grant special permission to those wishing to conduct research into forbidden areas on a case-by-case basis.

To give you an actual example: in May of this year, my request for permission to conduct research at the National Archives—into the documentary materials of the former state security center, covering the period 1941-45—was once again rejected on the grounds of privacy rights. I was (if I had been allowed) going to examine documentary materials concerning high-ranking officials, who had been involved in the investigations of the so-called "corruption" cases concerning Jews (some Jews had been exempted from the racial laws in return for money), or participated in carrying out or directing the deportations.

[Varsanyi] What would you consider to be fair archival regulations for researchers and the public at large to have to abide by?

[Karsai] I would apply the liberal principle of allowing research to be conducted into everything—or let us just say almost everything—and not allowing anyone—not even researchers—to slander others, or to infringe on people's rights. In other words, the issue of whether or not certain data should be made public is, in fact, a valid concern in trying to safeguard people's rights; however, we should have the freedom to write the truth about anyone.

[Varsanyi] Are you saying that the existing regulations require fundamental changes?

[Karsai] Yes. The decree has been received with indignation and disbelief by archivists and historians alike. I cannot conceive of any reasonable interest that would be so sacred as to prevent people from conducting archival research after 30 years. There is no justifiable reason for the ministries to assume the role of Cerberus in guarding over documentary materials. The Ministry of the Interior has a particularly large number of documents under lock which should really be in the archives. Apart from materials pertaining to current cases, the ministries have no need to retain other documents; such materials should be turned over to public collections. Another reason why the decree currently in effect cannot be kept in force is that it leaves freedom of research at the mercy of the political power in control. And in a true constitutional state this cannot be tolerated. Nor can forcing researchers to spend a good deal of their available time looking for access through back doors and personal contacts in order to be able to do their work.

POLAND

Senate, Solidarity Trade Union Draft Laws; Differences Viewed

Employee Trade Union Bill

90EP0841A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 17 Jul 90 p IV

[Article by Danuta Frey: "Law on Trade Unions; There Will Be at Least Three Drafts"]

[Text] Recently work on drafting a law on employee trade unions has been completed by a taskforce especially appointed for this purpose by the Senate's Legislative Initiative and Work Committee. The work on drafting another set of laws, which concern the resolution of disputes by collective bargaining, still has not been completed. At the same time, TYGODNIK SOLIDARNOSC has published a preliminary draft of a law on trade unions, prepared by NSZZ [Independent Self-Governing Trade Union] Solidarity for internal discussion.

Comments and proposals have also been offered, both separately and, as regards the already existing Senate and Solidarity drafts, jointly by the Ministry of Labor and Social Policy and the OPZZ [All-Poland Trade Unions Agreement]. It is being said that a law on employer unions should also be drafted, e.g., by the Confederation of Employers.

Thus questions on the new legal regulation of trade union affairs are causing considerable stir. This is because, among other things, the still binding 1982 Decree on Trade Unions has become outdated in face of the new social, political, and economic conditions. It should be borne in mind that, although that decree had been drafted earlier, and with the participation of, among other organizations, Solidarity, it was promulgated during the martial law era, which affected many of its provisions, especially those concerning the right to strike. Subsequently practice showed that, concerning this question—governed in that decree by intricate and time-consuming procedures—the law proved to be completely helpless and the decree unfit.

Thus, the need for new approaches is clear. The only question is whether they should consist in a—to be sure, far-reaching—mere revision of the existing decree or in new legislation based on novel principles that take into consideration the needs of the moment and the new philosophy. Everything indicates that the latter alternative will be chosen.

Viewed From the Formal Aspect

The especially appointed taskforce of the Senate's Legislative Initiative and Work Committee has prepared the drafts of two laws, one concerning employee trade unions and the other the resolution of disputes by

collective bargaining. Following two sessions of the committee, one of which was held jointly with the Senate's Social Policy and Health Committee, and three sessions of the taskforce (deliberating with the participation of experts from the world of science, the Senate's Legal Office, the Ministry of Justice, the Ministry of Labor and Social Policy, Solidarity, and the OPZZ), the preliminary draft of a law on trade unions has already been prepared in the form in which it will be again presented to the committee. On the other hand, as known, the work on drafting the law on the resolution of disputes through collective bargaining is still continuing. In view of this it also is known that the Senate's drafts differ from the Solidarity draft on the formal side. For while the Senate has drafted two separate sets of laws, Solidarity has drafted a combined one, in which collective bargaining [in] disputes are regulated in Chapter 5.

Formally viewed also, the Senate draft of the law on employee trade unions contains 43 articles grouped in seven chapters, and its draft of the law on the resolution of disputes through collective bargaining consists of five chapters and 29 articles, whereas Solidarity's draft consists of eight chapters and 57 articles.

Compared with the Senate's drafts, Solidarity's draft is more pithy as well as differently structured and with a different thematic hierarchy. Likewise, they differ substantively, though they are close to each other at more than one point.

Not Only Employees

The Solidarity draft, which already in its very title indicates that it is to be a "law on trade unions," follows a broader approach, declaring that, among other things, private farmers have the right to belong to trade unions. The Senate draft, which specifies that it is to be a law on, solely, "employee trade unions," leaves the related rights of private farmers to be resolved in a subsequent decree.

But both Solidarity and the Senate agree that the right to belong to a trade union should apply not only to employees ("regardless of the basis of the labor contract" as Solidarity, more specifically, puts it) but also to craftsmen, agents, members of agricultural producer cooperatives ("and household members of these cooperatives" the Senate adds), cottage industry workers, and pensioners and annuitants. The Senate's draft provides in its final and provisional regulations that Articles 40 and 41 of the Decree on State Employees be waived. Should this law indeed be enacted, this means that government employees also could belong to trade unions. Still, at the same time it is known that in the manual of rules for state employees being drafted at present by the Office of the Council of Ministers, Article 40, which prohibits employee membership in trade unions, was retained.

Both the Solidarity and the Senate drafts state that the right to belong to trade unions also applies to the unemployed. But only the Senate's draft is more specific about this. It provides that loss of employment does not

entail loss of membership in a trade union (unless the statute of the particular trade union concerned specifies otherwise). Unemployed persons could either associate themselves in separate trade unions of the unemployed or join employee trade unions. It is worth noting that during the related discussion by the Senate's taskforce the proposed trade unions of the unemployed were said to be a truly novel innovation on the world scale.

The Senate draft also specifies that prison guards would have the right to associate themselves solely in a trade union of their own. Professional soldiers and employees of the Office of State Protection would not have the right to belong to trade unions. The Solidarity draft says nothing on the subject of professional soldiers, which would imply that it envisages no exceptions in that respect. As regards trade union membership for police and prison guards, that draft refers to separate decrees.

The Senate draft provides that the right to belong to a trade union should also be granted to persons assigned to workplaces for the purpose of doing substitute military service. However, the protests made in this respect by the Ministry of National Defense are known.

Federations and Confederations

According to both drafts, trade unions may form national associations (federations). The Solidarity draft provides for international, national, branch, and regional federations, and their members may be, in addition to trade unions, federations with a smaller scope [sentence as given]. The Senate draft introduces the concept of confederations, that is, of national trade union organizations. It also provides that any trade union organization, including federations and confederations, has the right to join international organizations of employees. The Solidarity draft formulates this right as "concern for the interests of employees at an international forum" and as participation in the conferences of the International Organization of Labor, which it reserves, however, only for "national representative trade unions."

The purposes of trade unions are described similarly in both drafts. The differences basically reduce to the manner in which certain principles are formulated. Thus, the Senate draft refers to taking "all actions not forbidden by law with the object of defending the rights and protecting the interests of employees and members of their families as well as pensioners and annuitants." The Solidarity draft refers to "defense and support of the interests and rights of employees vis a vis employers and agencies of state administration and local self-government." "Protection of the interests of pensioners, annuitants, and the jobless" is to be a subject of special concern.

Here it is worth noting that both drafts fail to refer to the concept of "the workplace manager," used previously in, among other things, the existing trade union decree. Instead, they refer to "the employer." Moreover, they refer to not only the obligations of agencies of state

administration toward trade unions but also to the obligations of agencies of local self-governments—an evident sign of changed times.

Radio and Television Autonomy

A probably debatable provision of the Senate draft is that a trade union is considered as having begun to be active once at least 15 persons resolve to found it. Then registration with a court would merely confer legal entity.

This entire provision clearly reflects the memories associated with the founding days of NSZZ Solidarity. However, the Solidarity draft proposes a different formulation: "A trade union acquires legal entity and the right to operate as of the day on which it is registered with a court."

Both drafts place strong emphasis on all principles of trade union freedom and on safeguards against penalizing any person for belonging to a trade union or being active therein, and especially against discharging that person from employment for this reason.

Trade union rights too are to be broad, as especially specified in the Solidarity draft. These rights are: participation in legislative work; voicing of opinions through the mediation of the state-owned mass media; conclusion of collective bargaining agreements and other agreements envisaged in the labor law code; membership in the Council for the Protection of Labor and in the supervising councils of the ZUS [Social Security Administration]; monitoring of adherence to the labor law code and to the regulations governing safety and hygiene of labor; etc. The Solidarity draft gives, moreover, to trade unions the right to establish their own publishing houses and radio and TV stations as well as their own research centers or trade union schools. The Senate draft contains no such provisions. As distinct from the Solidarity draft with its practical details, the Senate draft emphasizes generalized provisions that can accommodate many implementing regulations.

Both drafts assume, quite realistically, that although the agencies of government administration and local self-governments as well as employers would be under the obligation of providing trade unions with suitable office space and facilities, the related details can be settled in separately concluded agreements. Presumably this would chiefly concern funding, e.g., rental for office space, fees for telephones, telexes, equipment, etc. For it seems that the times when trade union organizations at workplaces benefited gratis from all these conveniences are over and will not return.

Who Will Pay?

Financial questions are becoming important. During the deliberations of the Senate taskforce, work releases owing to trade union activity, e.g., were the subject of lively discussion. So was, especially, the question of who

would pay for them. Ultimately, the twin-variant proposal of the Ministry of Labor and Social Policy was adopted. Under this proposal, the first variant provided that work release owing to trade union activity would mean no stoppage of the wage paid by the employer, while the second variant provided for such stoppage. Hence, the issue remains open. But as for the provision requiring the employer to grant an unpaid furlough to an employee appointed to perform a trade union duty, that was passed without discussion.

The Solidarity draft also provides for the right to an unpaid furlough, and it resolves the financial question in a twofold manner. If some emergency trade union function cannot be performed by an employee in his leisure hours, "the employee has the right to work release with pay." When the employee exercises a trade union function, the question of his pay is to hinge on whether he requests a work release with pay or one without pay. As for the reaction of employers to this, it is still unknown.

Both drafts provide for protecting trade union activists. An employer may not terminate the employment contract of an employee who is elected to "executive and auditing offices in trade unions," according to the Solidarity draft. The Senate draft provides for such protection only for elected officers of the trade union organization at the workplace, and not to members of the auditing bodies, and that during their term of office as well as for one year after the expiration of that term. Thus the Senate draft offers a narrower scope of protection. However, both drafts admit the possibility of discharge from employment only in the event of "termination of the position" (Solidarity draft) or "bankruptcy or liquidation of the workplace, or when the employee reaches retirement age or acquires the right to an annuity on becoming classified in Disability Category 1 or 2."

More Than One

Both drafts also provide for a situation in which more than one trade union is active within the same workplace. Then a nonunion employee can ask any of these unions to protect his rights and interests vis a vis his employer. The Solidarity draft provides that at workplaces with at least two different trade unions the workforce shall, at year end, elect by a simple majority of votes the "representative trade union for the workplace" for the next two years. It also provides that, if regulations require that the two or more trade unions at a workplace coordinate their stands on issues, the unions shall negotiate to develop a common stand. If no such agreement is reached, the employer shall conclude an agreement with the representative trade union.

Even now the perils harbored in the attempt to introduce the concept of a representative trade union for a workplace, along with the concept of a representative trade union for the country as a whole, should be perceived. For while allowance should be made for good intentions, one should not preclude the possibility of conflicts within the workforce and a situation in which, e.g.,

Solidarity may remain the representative trade union—for which so many rights are reserved—for the country as a whole but is not elected as the representative union for a particular workplace.

The Senate project arrives at greater compromise as regards this issue. For it does not refer to the elections of any "representative trade union," and instead it merely mentions the possibility of a common or joint trade union organization [at a workplace]. In the event that the two or more unions active at a workplace cannot reach an agreement on some or other issue, the decisive voice should belong to the employer or to the workforce self-government upon considering the positions taken by the different unions.

As for the procedures for resolving collective bargaining disputes and the right to strike, which constitute a separate chapter in the Solidarity draft and a separate decree in the Senate draft, we shall consider them in our next article.

Collective Bargaining, Strike Bill

90EP0844A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 25 Jul 90 p 1V

[Article by Danuta Frey: "Law for Trade Unions: From Negotiations to Strikes"]

[Text] In RZECZPOSPOLITA of 17 July we compared two drafts of laws on trade unions, one prepared by a taskforce appointed by the Senate and the other authored by NSZZ [Independent Self-Governing Trade Union] Solidarity. At the time we omitted discussing the question of collective bargaining disputes and the right to strike. These subjects are considered in a separate Senate law draft and in a chapter—Chapter 5—of the Solidarity draft law on trade unions.

However, there exist other differences as well. The Senate draft defines already in its preamble a collective bargaining dispute as "a conflict between employees and employer, initiated with the object of gaining better working conditions, wages, or social services, or defending the trade union rights and freedoms of employees or other groups which have the right to associate themselves in trade unions." The Solidarity draft avoids a more detailed definition and instead employs the generalization, "Disputes between a trade union and employers concerning employee rights and interests."

But this concerns not only the formal side but also the different consequences ensuing from these definitions. The Senate draft is intended to confine collective bargaining disputes to labor, wages, and social services, as in Western countries, and it precludes a priori the possibility of strikes for political reasons. The Solidarity draft,

which interprets the matter in terms of "employee rights and interests" does not imply such an exclusion as clearly.

Who Sits Down at the Negotiating Table

The Solidarity draft does not define closely the parties to an eventual conflict. It merely states, "The parties to a collective bargaining dispute are obligated to immediately start negotiating in order to resolve it." Thus, it does not say who is to sit down at the negotiating table. Subsequent parts of Chapter 5 mention, to be sure, the trade union as the only body authorized to undertake protest actions inclusive of strikes, but no mention is made of even such a representative workforce body as an ad hoc protest committee or a strike committee, although such a mention would seem to be indicated by the experience of recent strikes. No mention either is made of eventual strikes at workplaces at which no trade union organization is operating—which also cannot be precluded—inasmuch as Solidarity presupposes that "the right to organize a strike belongs exclusively to the statutory bodies of trade unions." The Solidarity draft also says nothing about the other party to the negotiations. Who then is to negotiate with the trade union? In the case of a workplace dispute this would be clearly the employer, but who would that be in the case of a dispute that concerns more than one workplace? Properly speaking, the Solidarity draft makes no mention at all of such an important issue. It does not specify either whether an agency of state administration or of local self-government could be that other negotiating party.

The matter is far from simple, as indicated by the fact that the question of defining the parties to an eventual collective bargaining conflict and to the attendant negotiations consumed many hours of discussion by the Senate taskforce, and initially there was no consensus on this issue. Ultimately, however, it was resolved that "The collective interests of employees are represented by trade unions." But also, "At a workplace at which more than one trade union organization is active, each such organization may represent the interests of the collective bargaining dispute." And at workplaces at which trade union organizations do not or may not operate, or at which employees establish no such organization, employee-elected representatives are to take part in the negotiations.

Without the Government and Without Ministers of State

The Senate taskforce at the same time specifically precluded the participation of bodies of state administration and local self-governments as parties to collective bargaining disputes (although they may still act as mediators or arbitrators in such disputes). It introduced the provision, "The interests of employers in collective bargaining disputes may be represented by the appropriate employer organizations." This seemingly innocuous formulation masks an essentially revolutionary

change. For it signifies the abandonment of the traditional—and as yet persisting—practice of having the government, the subsector minister, and the voivode sit down at the negotiating table, and their replacement with a representative body of employers, such as, e.g., the Confederation of Polish Employers. A situation in which employee organizations sit on one side of the negotiating table and employer organizations on the other is not muddled. And besides now that the state is losing its monopoly on property ownership and its role is becoming different, there is, properly speaking, no reason why bodies of state or of local self-governments should be a party to collective bargaining negotiations with employees. But as for whether this new provision will indeed be implemented, at least in the near future, that is another matter. The processes of change are only beginning, and state ownership is still by far the predominant mode of ownership. And if we also consider the traditional stereotypes of negotiations ("Only with the Government" or "Only with the minister"), the provision may still remain dead for some time or be implemented only to a limited extent.

Mediation Is Inevitable

Both the Senate and the Solidarity drafts place emphasis on various approaches of a mediating nature with the object of preventing strikes. Both sides to a dispute are to be legally bound to adopt these approaches. Under the Senate draft the employer is obligated to immediately commence negotiations "in order to resolve a dispute by means of an agreement," while under the Solidarity draft it is "the parties to the dispute" that are obligated to immediately commence negotiations. The latter draft reinforces this provision with another which introduces the right to commence a protest action—inclusive of a strike—in the event that the employer does not commence negotiations within the time limit specified by the trade union, a time limit that should be not shorter than three days, however. The negotiations may culminate either in the signing of a binding agreement by both parties or in the preparation of a written record of the differences separating them.

If an agreement cannot be concluded and the views of both parties remain divergent, mediation and arbitration proceedings are instituted. The scope of the mediation, its procedure, and the number and selection of mediators are left by Solidarity to be settled between the parties to the dispute. A similar approach is adopted by the Senate draft, which however introduces the possibility of selecting a mediator from a list provided by the minister of labor and social policy in consultation with trade unions.

If the mediation does not work, an arbiter may be appointed, under the Solidarity draft. The Senate also admits "an attempt to resolve the dispute by a public arbitrating body." Considering, however, that the experience so far with the public arbitrating bodies appointed under courts of law has not been particularly encouraging, both the Solidarity and the Senate drafts specify

that arbitration is not a duty but an option, yet another chance. The Senate draft adds a provision allowing the organization of a one-time strike alert for not more than two hours during the mediation proceedings. Both the Senate and the Solidarity drafts allow the proclamation of a strike in the event that the mediation fails and no agreement on resolving the dispute is reached.

The Rules of the Game

Thus, before a strike is proclaimed, all the legal ways and means of reaching agreement have to be exhausted. And if they are not, the strike will be considered illegal. But in order that it may be a legal strike, many other requirements also have to be met.

For example, if the subject of the dispute is the terms of a collective bargaining agreement, whether at one workplace or at more, the proclamation of a strike is permissible only after the deadline for terminating the agreement or the time frame of the agreement expires, under the Solidarity draft. The appropriate trade union body proclaims the strike at the workplace after it obtains the consent of a majority of the workforce. It is also obligated to provide the employer with an advance warning notice of at least seven days before the strike is commenced. The warning notice must be in writing, and it must specify the causes and the rationale, under the Solidarity draft.

Under the Senate draft, on the other hand, a strike at a workplace is proclaimed by the trade union organization or by the strike committee with the consent of a majority of the workforce, provided that at least 50 percent of the workforce take part in the voting. A strike that extends to more than one workplace is proclaimed by a trade union body specified in the union statute or by an interplant strike committee. The strike should be announced at least five days before its commencement.

Many Restrictions

Both drafts adopt—with two exceptions—nearly identical restrictions on the right to strike. Work stoppage is not permissible with respect to facilities and equipment whose inactivation harbors perils to life and health, as well as at the health service facilities whose continued operation is indispensable to the protection of life and health. Likewise, the right to strike does not apply to policemen, prison guards, firemen, and marine and alpine rescue personnel. The right to strike also would not apply to employees of agencies of state administration and local self-governments, as well as to the personnel of courts of law, the procurature, and social security offices. Strikes resulting in the stoppage of rail, air, and sea transportation, interurban and international communications, and supply of water, electricity, and gas would be forbidden.

Compared with the restrictions existing in Western legislation, these proposals are more far-reaching, for the Solidarity draft also would prohibit strikes by banking personnel, while the Ministry of Labor and Social Policy

has proposed, upon consulting other ministries, that the right to strike not apply to the personnel of notarial offices, ambulances and medical-emergency aircraft, boarding homes and boarding schools, urban public transit, and municipal garbage pickup. Were all the objections presented by the various subsectors and ministries to be considered, the right to strike would legally apply only to a few.

On the other hand, both the Senate and the Solidarity drafts provide for the possibility of "substitute strikes," that is solidarity strikes on behalf of those who are not legally permitted to strike, provided, however, that such strikes are proclaimed at other workplaces belonging to the same employer (to the same owner—under the Senate draft). Such a solidarity strike would have to meet the same legal requirements as any other strike.

Legal, Illegal

Both drafts specify that an employee's participation in a legal strike does not constitute a violation of his duties as an employee—not even if the strike fails, according to the Senate draft. During the period of a legal strike the employee retains the right to all the entitlements ensuing from his or her employment contract and social security—with the exception of the right to emoluments, which, however, may be the subject of negotiations and of an agreement to terminate the strike.

The Solidarity draft states that, in the event of a violation of the regulations, the minister of labor and social policy or the concerned employer may petition a court of law to declare a strike illegal. Disputes of this kind are immediately considered by the court, and its rulings may not be appealed. An employer who has sustained damages owing to an illegal strike may sue the organizers of the strike for compensation.

The Senate draft does not provide for court proceedings to rule on the legality or illegality of a strike, and this seems to be a shortcoming of that draft and a lacuna to be filled. It does, instead, introduce the penalty of a fine for directing an illegal strike.

Both drafts are couched in a language that points to an intent to comprise protest actions and strikes within strict legal curbs, in order thus to counteract wildcat strikes. This is besides nothing new, because here we are following a trail already known to and blazed by Western legislation.

A Hot Topic

The choice of the road, or of general objectives, of the new trade union legislation has, properly speaking, already been made. Whichever of the two drafts is adopted, the assumptions are the same. The differences in the draft concern to a greater or lesser extent specific solutions. It thus appears that, if only in order to accelerate the legislative work—but also for the good of the cause and in order to adopt the optimal formal provisions—further work on this legislation should be

done jointly. This could be done either in the Senate or in the Sejm, or perhaps by some single joint commission that would include experts. The issue needs discussion, but it also is an urgent one. It may be that these currently proposed and discussed law drafts could be combined into a kind of "trade union law code" or a single overall law. I personally would opt in favor of the latter solution. And I also would like the law to be passed as soon as possible, even this coming fall. That is not only because it is high time for such a law but also in view of the increasingly urgent socioeconomic situation.

Laws on Holding Early Parliamentary, Presidential Elections Viewed

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No 30, 28 Jul 90 p 3

[Article by Piotr Winczorek: "The Legal Scenario: How To Conduct Early Parliamentary and Presidential Elections?"]

[Text] A major factor in the political disputes under way in Poland at present is the issue of early parliamentary and presidential elections. This issue may be presented and considered from two different points of view: political and legal-constitutional. Here I shall focus chiefly on the latter aspect. At the same time, it should be borne in mind that decisions of a political nature will also influence the further course of events, that is, also the eventual initiation of the legally defined electoral procedures.

The disappearance of Solidarity's principal partner from "roundtable" times, namely the PZPR [Polish United Workers Party], has placed under a question mark the topicality of the accords then reached, and especially the accord on the division of parliamentary seats. At the same time, divisions of an ideological, a political, and a personal nature began to arise within the former opposition itself. This is reflected in, among other things, the conflict regarding the Citizens Committees, the formation of the Center Accord, and the gradual rise of independent party groupings within the OKP [Citizens Parliamentary Club]. Many political parties aspiring to play a more significant role than at present exist outside the alignment of forces represented in the parliament. At the same time, powerful clubs of deputies representing groupings which nowadays lack a strong social base operate in the Sejm. This concerns in particular the clubs of Leftist deputies. This situation was brought to light and demonstrated by the elections to self-governments on 27 May 1990.

It can thus be said that between the actual alignment of political forces in the society and the configuration of parliamentary groupings there exists a ...

...Substantial and Growing Divergence

This is prompting many politicians and publicists to question the legitimacy of the Sejm in its present composition as a body taking decisions in the name of the

nation. This is the principal, though far from the sole, premise for the view that parliamentary elections should be conducted ahead of schedule. The same circumstances also suggest to politicians that it would be pertinent to hold ahead-of-schedule elections to the presidency of the Polish Republic.

The growth of views of this kind is so widespread that the issue in dispute is not whether these changes should take place at all but when and how they should be carried out.

On this matter there exist two conflicting positions. Thus, while some people want these elections to be held as soon as possible (it is suggested that they should take place as soon as early this coming fall), others believe that excessive haste is neither feasible nor desirable here. The supporters of the first option refer chiefly to the growing impatience of the society with the survival of the relics of the former political alignment, while the supporters of the second option champion an evolutionary transition to new institutional solutions, both political and economic ones. In their opinion, the Sejm, in its present composition, is capable of completing the process of the legislative implementation of these solutions and crowning it with a new and fully democratic Constitution of the Polish Republic.

The background of these disputes presumably involves the political and electoral interests of discrete parliamentary and extraparlimentary groupings. Proposals as to the timing of the next parliamentary elections are to some extent a function of the expectations and electoral calculations of these groupings. However, determining that timing will require that a consensus be reached among the nation's principal political forces, particularly those represented in the Sejm. This is obvious in light of the currently binding legal and constitutional norms.

Were a parliamentary-cabinet system based on the triple division of [executive, legislative, and judicial] powers to operate in Poland, the dissolution of the parliament before the expiration of its legal term of office would be relatively easy and would chiefly depend on the will of the executive. In such a system, the decision to dissolve the parliament (the chamber of deputies) belongs to the head of state. The president (or king) takes this decision on the recommendation of the council of ministers or the premier in a situation when misunderstandings occur between the parliament and the government, or when the composition of the parliament is such that it is incapable of operating efficiently. This mechanism is used at present, too (e.g., in Great Britain), when the ruling party counts on winning the elections in the presence of a political situation favorable to it.

The present legal-constitutional solutions in Poland are not yet fully based on the principle of division of powers, nor, the more so, on the concept of the primacy of executive power. Article 20, Paragraph 1, of the Constitution of the Polish Republic declares, "The supreme organ of state power is the Sejm." One consequence of

this approach is that the government is subject to control by the Sejm (compare Article 20, Paragraph 2, Article 37, and Article 38, Paragraph 2), and therefore it has no right to initiate the dissolution of the parliament.

Interrupting the Term of Office

of the Sejm and the Senate is a prerogative of the deputies or the president alone. The Sejm may dissolve itself by passing a suitable resolution by a majority of two-thirds in the presence of a quorum of at least one-half of all deputies. As for the president, his powers in this respect are limited. He may dissolve the Sejm solely in the following three strictly defined cases:

- 1) If the Sejm does not appoint a government within three months;
- 2) If the Sejm does not pass a budget decree within three months; and
- 3) If the Sejm passes a decree or a resolution making it impossible for the president to exercise his powers ensuing from the duty of watching over the Constitution of the Polish Republic, guarding national sovereignty, national security and inviolability of territory, and adhering to international political and military alliances.

In deciding to dissolve the Sejm the president should first consult the speakers of the Sejm and the Senate. The self-dissolution of the Sejm, or its dissolution by the president, also entails the dissolution of the Senate. It is worth noting that the Senate cannot dissolve itself, and neither does it have the right to shorten the term of office of the Sejm.

Nothing indicates that any of the foregoing three conditions for the dissolution of the parliament by the president is going to be fulfilled. And even if any such condition arose, the president can, but does not have to, dissolve the Sejm. Hence also, the dissolution of the Chambers—this being a prerequisite for holding early parliamentary elections—is at present up to the Sejm itself alone.

Can these elections be held as soon as this coming fall? Irrespective of political considerations—e.g., the readiness of parties and groupings to take this decision—let me point here to the attendant legal obstacles.

The existing electoral law cannot, for purely political reasons, be applied to the elections to the next Sejm of the Polish Republic, unless perhaps the next term of office of the Sejm will be reckoned as the first one. An attempt to amend that law, undertaken recently by some Sejm deputies, ended in failure. Presumably a substantial number of deputies voted against that amendment because it proposed basing elections on a simple majority of votes, whereas they wanted a proportional or mixed basis. This is a fundamental issue, for it will decide the political composition of the next Sejm and the electoral chances of discrete groupings and, although this is not the only point in dispute, it will probably generate

sharp disputes and discussions. Thus, it may take a long time before the Sejm and the Senate will pass a new electoral law. Bypassing this obstacle is not possible, because the institution of extraparliamentary legislation represented by decrees of the Council of State until 1989 has been abolished.

Only after a new electoral law is passed can the Sejm resolve to dissolve itself. And as for the timing of new elections, that is determined by the president within three months after the terms of office of both Chambers expire. In view of these circumstances alone, early parliamentary elections could most likely be held not earlier than in the winter of 1991.

As for the early presidential elections, it is first necessary to decide who is to participate in them. Many political groupings are in favor of direct, popular elections. For this to happen, the current Constitution of the Polish Republic has first to be correspondingly amended, or a new one passed. But some people also support utilizing for this purpose the provisions of the Constitution in the language they are couched in at present. Before this is done, the presidency has to be vacated.

Vacating the Presidency...

...before the expiration of its six-year term of office may happen owing to: 1) death; 2) resignation; 3) passage of a resolution by the National Assembly to the effect that the person currently holding the office of the president is permanently unable to exercise it owing to the state of his health; and 4) deposition from office by a ruling of the Tribunal of State.

The National Assembly, which appointed the president, as well as the Assembly in its new composition subsequent to the new elections to the Sejm and the Senate, has no right to deprive the president of his office. In practice this means that early presidential elections can happen only if the current holder of that office voluntarily resigns it.

It is occasionally proposed that the terms of office of the parliament and the president be suspended and combined elections to both be held. This is not possible given the present legal situation. A vacated presidency and a simultaneous self-dissolution of the Sejm would result in that there would be no one with the authority to order parliamentary elections. In their turn, the dissolution of the Sejm and the Senate would make elections of a new president impossible. At most, direct, popular elections to the parliament could be combined with direct, popular elections to the presidency, but that would require extensive amending of the Constitution.

Hence also, considering the existing legal-constitutional solutions, the following scenarios are likely:

1. The political forces represented in the parliament reach a consensus on the self-dissolution of the Sejm. The Sejm and the Senate pass a new electoral law. The president resigns from office. The National Assembly

elects a new president of the Polish Republic. The Sejm dissolves itself and the new president orders early parliamentary elections.

2. After executing the actions referred to in the first two sentences of the preceding paragraph, the Sejm dissolves itself. The president orders early parliamentary elections. After the elections the president resigns from office and the new Sejm and Senate, in their capacity as the National Assembly, elect a new president.

The above reflections are, I emphasize, based on the assumption that the Constitution of the Polish Republic will be scrupulously respected and the political decisions resulting in the application of its provisions will be taken by a consensus of the forces interested in a peaceful course of political and institutional changes in our country.

Senator Machalski on Liberal-Democratic Congress, Center Accord

90EP0847A Warsaw KONFRONTACJE in Polish No 8, 10 Aug-9 Sep 90 pp 8-9

[Interview with Senator Andrzej Machalski, member, Presidium of Liberal-Democratic Congress, by Andrzej W. Halicki; place and date not given: "Subject: Conflict in Solidarity"]

[Text] [Halicki] Stefan Kisielewski said recently in this publication that he has no political views, only economic views. Do you have political views?

[Machalski] I think so. If by political views we mean views on how the state is shaped, on the form of authority, on society-authority relationships, then certainly, I have such views.

[Halicki] What, then, is the liberal concept of authority?

[Machalski] Very simply it is democratic! The authority is chosen by society, and this choice should be a free choice, and not by voting. Therefore, there should be the formal prerequisites, not only so that people can choose, but that they have something to choose from. Public and social life should be replete with various views, outlooks, and opinions. Only then does democracy appear. The construction of the authority should be appropriate to the situation in which society finds itself. Any kind of dogmatization is completely wrong. Generally speaking, I represent the pragmatic approach in political and economic matters. I believe that one should always choose the tools and means applicable to the intended goals, and, if we examine the present situation in Poland, then I believe that we should build democracy based on the safeguards provided by a rather strong presidential system.

[Halicki] Could it be that the Polish society has not yet matured to the point that it can exercise authority?

[Machalski] No, it is mature, but it has no chance because it is not the duty of society to emanate views,

only to choose them. However, different ideas for selection are not presented to Polish society, therefore it has no chance to really exercise authority. One of the primary goals of those who are now active in public life in Poland is the creation of conditions for democracy, i.e., the ability of the people to choose from various programs and proposals.

[Halicki] Only a minute percent of society is able now to find a political identification for itself.

[Machalski] Our society is in a doubly difficult situation. It not only must choose, it must first of all construct that from which it wants to choose. Normally a society does not face such difficult tasks. Experts, called politicians, prepare programs, ideas on what the state and the economy should be like, and propose them to society which then makes a choice. We are mature enough to do this. Nor is it—which I would like to emphasize—that there are no programs and ideas in Poland as to how our state and economy should look. However, in Poland those who have such ideas have no instruments for communicating them to society. Sometimes I suspect that the stories about the lack of programs are a deliberate manipulation. The programs are not known to the public, but they do exist. There is simply no way of communicating them.

[Halicki] How is society supposed to detect the differences in programs when both in the progovernment citizens camp as well as in Walesa's camp, we see liberals, Christian Democrats, and even Social-Democrats.... These are exact mirror images representing all political opinions!

[Machalski] Society sees nothing because it is looking through the prism of the mass media, which at this time in Poland are propaganda media. Paradoxically, along with the change in management at ZYCIE WARSZAWY, the last daily newspaper which attempted to be objective disappeared. Society, just like during the days of communism, is led by certain groups and it is given no opportunity to make an independent choice.

[Halicki] The Liberal-Democratic Congress is a completely new force on Poland's political map. It has no counterpart in the past and has no history. How do you see the Congress' role?

[Machalski] As an important one, because there is a lack of forces which would attempt to describe the state and the economy in a modern way. I believe that the Congress will be precisely one of those forces which will be equal to this task. I do not think that the future of Poland and Polish society lies in ideological choices, and right now there are more ideological forces. But they must play a secondary role. Anyway, some of them are obliterating their programs because they would not be accepted by the public. Second, on a very unclear political scene, selection does not take place according to reason and program criteria, but according to the ability to take over the election centers. Of course, these arrangements must achieve their own identity and I

think that the Liberal-Democratic Congress, after choosing the appropriate side, may become an element which builds a program and casts a certain identity on the greater forces which will battle for authority.

[Halicki] Has not the choice already been made? The meeting of the Congress' presidium with Walesa has been reported, some Congress leaders are active in the Center Accord....

[Machalski] That is precisely the reflection of a choice, but it is not official because that side has not yet been finally shaped. We are convinced that if no drastic changes or reversals occur in the shaping of Center Accord, then our place is in it.

[Halicki] How does economic liberalism square with Walesa's populism?

[Machalski] Walesa, I want to strongly emphasize this, is not a populist. And he is not a populist not only due to the existing state of affairs, but inherently. Walesa thinks decidedly unpopulistically, however he uses a populist language, but this is only a tool. His theory is that before you begin to tame a wild horse you have to sit on him. That is, first you have to be submit to him, then tame him. Hence the frequent contradictions between what he says and the results of his political activities. We can really find a great deal of populism in his words, in what he says, but in the results we see how he acts to improve certain processes.

[Halicki] We are facing an impending public threat. You have described yourself as an advocate of a strong presidency. Will a dictatorship—let us call it what it is—eliminate this threat?

[Machalski] A dictatorship can be exercised by a person or a social group. By one person it can be exercised only when it has the indispensable instruments of compulsion—police, army, etc., forces which in its name can terrorize the nation. Dictatorship is not character or a set of views, only capability. And at this time in Poland no one has this capability. Including Walesa. And that is why, despite authoritarian declarations, I am not afraid of Walesa. On the other hand, there may be totalitarianism of a group, even when there are no identified persons. And that is the threat that exists on the other side! Let us imagine a movement, which under the guise of Solidarity, penetrates even the smallest community and prevents any dissimilarities.... That is a real threat! The strong authority of a president, who is not and cannot be a totalitarian, is able to create conditions for development of pluralism.

[Halicki] Thus a Walesa dictatorship is nonsense?

[Machalski] Total nonsense, because there are none of the means indispensable for the existence of such a dictatorship.

[Halicki] But this alliance of liberals with the head of a trade union is strange. To a Western observer, such a situation is truly incomprehensible!

[Machalski] NSZZ [Independent Self-Governing Trade Union] Solidarity is something more than a trade union. It is also a movement for democratization, for return of the state to society. All of this was interconnected in it. Now normal political institutions are appearing and this movement should, in a natural way, confine itself to trade union matters, and Walesa will leave it and become a politician, despite the fact that he will always remain an integral part of this great movement and its ethos. With time, Walesa will be less bound to union matters.

[Halicki] But the potential electorate are union members. Will they vote for liberals?

[Machalski] I think they will. After all, liberals are not against the realization of the interests of the working people. We are a group which wants to give the economy a certain dynamism and we see the ultimate shape of this economy. After all, we, too, are serving the working class. The difference between socialists and liberals in Poland is that we want the entire economy to be more productive, which will also have a favorable impact on the workers' standard of living. The socialists, on the other hand, are fighting for immediate benefits for workers, which, in effect, prevents a rise in the standard of living, and although the workers will have a privileged position it will be on a lower level and in reality they will be worse off.

[Halicki] Who is against the liberals?

[Machalski] All of those who identify with various shades of socialism and social democracy. These are people with totally different views and imaginings pertaining to both the economy as well as social relations. It is impossible for us to come to an understanding with them. Another opponent is the extreme right. To put it more broadly, the opponents of the liberals are all ideological movements which attach themselves to ideology as a way of organizing the world. The liberals organize the world according to real possibilities and not imaginings.

[Halicki] Can you give a scenario in which you would assume authority?

[Machalski] Naturally, in a broader context and not just as liberals alone.... Parliament has no justification for dissolving itself—only the president can do this. The current president does not feel that he is morally authorized to dissolve it, therefore we must change the president. This can be done because this is the only decision which depends on a wider group than the Sejm—namely, on the National Assembly. In the assembly, thanks to a different distribution of forces, it is possible to push through a change of the president. A dissolution of parliament could then take place and new elections could create a pluralistic system in which, thanks to society (which would appreciate the center-right proposals) we could continue what Mazowiecki's government is doing at this time. Except that we could do it decidedly more rapidly, consistently, and without the resistances in parliament which are now apparent.

[Halicki] Is Walesa in the role of someone who puts fear into this parliament, sometimes more effective than he would be as President Walesa for a future parliament?

[Machalski] No, but even if nothing comes of these ideas and calculations, the effects, as you yourself have observed, are apparent even today, and it would be worthwhile to support them, if only for this reason.

[Halicki] But let us return to the reform of the state. There is a great deal of talk in the Sejm lobbies about the future electoral law. Many people believe that it should provide for a majority vote, but this would make the Sejm similar to the present senate. Are we able to have proportional voting when our political parties are so anemic?

[Machalski] No. The elections should take place according to a mix. Half of the deputies should be chosen as a result of victory in the electoral districts and the other half should be chosen by the political forces. This would make it possible for one group to be victorious, but it would also guarantee a certain stability. In other words, a lot of people should be let in, but in small amounts, so that this parliament could function as a whole.

[Halicki] And are two chambers essential?

[Machalski] Probably so, although not necessarily in the present arrangement. The senate, I feel, should be more of a self-management chamber. Not only should it have other ideas, but it should be elected differently. In my opinion, it should be made up of representatives of various important organizations. It would then have more of an information-consultative character, and at the same time could be the source of a certain substantive pressure. I think that a Sejm elected according to the rules would not need the kind of controller which is indispensable now.

[Halicki] This plan enhances the role of self-management. What place do you see for the territorial self-managements?

[Machalski] Enormous, and on several planes. Particularly now, when the parliament is weak, authority should be exercised on a lower level. Second, a politically unbalanced parliament does not dominate the local authority, which will govern in its own way. Third, this is an enormous source for mobilization of the social forces. And fourth, self-managements are a source of social education.

[Halicki] But you probably have no high opinion of workers self-managements.

[Machalski] Of course not. A workers self-management is an absurdity. As the instigating force of the economic processes it is simply murder.

[Halicki] It will soon be a year that Tadeusz Mazowiecki's government is in place. Would you please rate him?

[Machalski] Especially in the first phase this was a good government. It very quickly and efficiently developed a concept of action and acted consistently. Of course there are some brighter points in this government—for example, Balcerowicz—and weaker points. But the problem is that the present government should adapt itself to the new situation. In the first phase it fulfilled the role of stimulator. Now it has to enter the decision-making phase. I am a liberal, but I believe that at this stage the state must take a more active part in changing the situation. I am afraid that this government lacks the drive necessary to make decisions.

[Halicki] We have to mention the situation in agriculture....

[Machalski] That is not a problem of this government. It is a general problem, a knot of incredibly difficult matters. On the one hand, from the standpoint of economics, this knot has to be cut, eliminating three-fourths of the farms. These farms are so unproductive, inefficient, and ineffective that they should at the very most lie in a state of vegetation. What remains could then develop and a new agriculture could be built. On the other hand, from the social standpoint, this is obviously not possible. Some people are calling for the cities to assume the burden of the development of the countryside, but this, too, is nonsense, because the cities also are not very productive. This is a burden which will hamper our development for many years, regardless of the ambitions of those people who are egging on the countryside, deluding it, etc. The state must intervene in agriculture and with lightning speed deal with matters of the countryside. In the existing situation we must be extremely flexible and efficient.

[Halicki] Interventionism is not an instrument liked by liberals....

[Machalski] Of course not. But we still do not have an economy and at this stage of its building intervention is necessary. After all, for a period of 45 years, not only was our property and physical objects seized but also our economic instruments—prices, money, relations between economic units. All of this was administratively cut and scattered about.... Now this has to be rebuilt, unfortunately also administratively. It will not rebuild itself. Only then, when everything is built, will a market begin to function.

[Halicki] I would like to return to the Center Accord. The Accord was formed by a group of people who heretofore were not well known by name and reputation among society. Is the Accord only a shield for the weak?

[Machalski] Attempts are made to interpret it that way. Attempts are being made to persuade society that those who are less known are automatically weaker than those who are better known. That is not so. Everything depends on how we measure weakness. If we measure it by strength of ideas, then I suspect that the people in the Center [Accord] are much stronger, because they have much more to say than this other group, which perhaps

was stronger when it was in the opposition, but is very unconstructive where building the state is concerned. On the other hand, where social presence is concerned, that group is indeed stronger and not only guards access to information, but even deliberately, among the people in Accord promotes only one person, suggesting that there is no one else. But I think that as time goes on it will be possible to break through this shell and it will be revealed that in Center Accord there are people who are worthy of notice, who have a great deal to say, and from the substantive standpoint, are stronger and much more interesting.

ROMANIA

Democratic Forum of Romanian Germans Issues Statement

90BA0271A Budapest NEPSZABADSAG in Hungarian
24 Jul 90 p 2

[Statement by the National Council of the Democratic Forum of Romanian Germans: "The Nationality Issue Is the Cornerstone of Democracy"]

[Text] Our editorial office has received a copy of a declaration by the Democratic Forum of Romanian Germans which reflects the position of this important national minority regarding the hopes raised by the December revolution, and the situation as it has evolved so far. Below are some key excerpts from the document:

The Forum had greeted the overthrow of the communist dictatorship on 22 December 1989, with the hope that it would give rise to a democratic and pluralistic society in Romania that would give Germans living in Romania a new start toward ethnic and cultural renewal, which in the past had been severely curtailed.

In the wake of the promises made by the National Salvation Front we assumed that the rights and freedoms of national minorities would henceforth be respected, and that they would be guaranteed full equality before the law. Today, more than six months after the events, we are forced to conclude that only a small portion of those hopes have been fulfilled. To date, none of the rights and freedoms promised to the national minorities on the eve of 22 December, have materialized. The resulting uncertainties have not only led to the outbreak of ethnic conflicts, as was the case in March in Marosvasarhely [Tirgu Mures], but have also precipitated a mass exodus of our fellow countrymen...

As a member of the then still existing Nationalities Council, the Forum submitted several requests to the Provisional National Unity Council. Among other things, it called on the Provisional National Unity Council to publicly distance itself from the injustices

committed against the German minority by the communist regime. It asked the council to form a committee to look into the causes of distrust prevailing among Romanian Germans toward the Romanian state, and to determine what had happened to the "head-money" paid by the West German Government to the Ceausescu regime for the release of German emigrants since 1978. We also requested subsidies to assist the school network and promote the culture (press, theater, scientific research) of Romanian Germans, and the establishment of a nationalities ministry that would constructively analyze all mutually advantageous proposals and draft laws with a view to preventing possible conflict situations from materializing. All of these proposals have remained unanswered, as did our request to give those deported to the Soviet Union the same legal status afforded to past political prisoners.

Since then, the country has put in place a democratically elected parliament and a new government. There are, however, no indications at all as to when and how a nationality law will be negotiated, nor has a ministry been set up to deal with nationality issues...

The outside world has made it clear: finding a solution to our nationality problems must be the cornerstone of Romanian democracy. The Forum has taken note of the declaration by the West German parliament condemning the acts of violence perpetrated in Bucharest in June, and is grateful to find that humanitarian assistance has not ceased. Continued assistance aimed at rebuilding the Romanian economy, and the granting of other forms of aid in cooperation with the European Community have been made contingent by Germany—with which our nationality is closely connected by a common tongue, cultural traditions as well as by the fact that many Romanian Germans live there now—on the Romanian Government's willingness to continue, and in reliable and concrete terms promote the democratic development of our society, and to allow the rights and freedoms guaranteed by the constitution to assert themselves. Having constitutional rights and a legal framework encased in a constitution is essential for ensuring our human and civil rights, and defending our nationality rights which we, too, would like to attain as soon as possible. We must also remember, however, that we cannot have a viable democracy in a dysfunctional economy. How can democratic principles become consolidated without an economic foundation, without general development and under unstable everyday living conditions? Without foreign capital and economic assistance the agony of the economy will only be protracted, and the general confusion will become intolerable to the point where people—and not only the Germans—will be forced to emigrate in a mass exodus. And they will settle there where they can hope for a better life. In our opinion, democracy in Romania cannot develop exclusively on the political plane. It must be given an economic foundation. Thus economic assistance from abroad may contribute to enabling Romania to find the way leading to Europe.

POLAND

Key Positions Occupied by Generals, Colonels Presented

90EP0879A Warsaw PRZEGLAD TYGODNIOWY
in Polish No 36, 9 Sep 90 pp 1, 6

[Article by Miroslaw Cielemecki: "Kings With Staffs of Office"]

[Text] Reorganizations have been going on in the Polish Armed Forces since last year. Many military units have been disbanded and reorganized; considerable cuts have been made. Changes have occurred both in the units and in the high military commands. In the first half of September, the results of work on changing organizational structures in the armed forces will be announced. In general, headquarters and administration services will be reduced by about 50 percent. The entire Polish armed forces will be reduced from about 300,000 to 200,000 people.

Depolitization

The former political service and the WSW [Internal Military Service], i.e., the departments which have recently received the harshest evaluation, have been reorganized most rapidly. Military police were formed instead of the WSW, which formerly combined the functions of the military police, typical counterintelligence service, and, to a large degree, the political police. The military police are to play the role of a preventive military police force. Gen. Bde. Jerzy Jarosz became the chief commandant of military police; previously, he was chief commandant of the OHP [Volunteer Labor Brigades], deputy commander of a district, and division commander. General Jarosz is 59 years old; he is a graduate of the USSR Armed Forces AGSh [General Staff Academy] in Moscow.

Changes in the former political department began last year. The Polish Armed Forces GZP [Main Political Directorate] technically reported to the minister of national defense, but was actually treated as a department of the PZPR [Polish United Workers Party] Central Committee. This dependency increased considerably during the tenure of Gen. Jozef Baryla as GZP chief. Gen. Tadeusz Szacilo was the last master of the "House Without Edges" (the GZP seat) in its former, political format.

Last year, the current Minister of National Defense Vice Adm. Piotr Kolodziejczyk was assigned the task of depoliticizing this department which ranked very high in the past structure of the Polish Armed Forces. The admiral said in an interview to GAZETA WYBORCZA that he was assigned to the GZP in order to speed up changes: "A certain group of people had to go because it was difficult to attach hopes to their [ability to] change their way of thinking and acting." The new admiral's people, including, among others, Gen. Bde. Miroslaw

Hermaszewski, embarked on work aimed at reorganizing the GZW [Main Educational Directorate].

Before they completed this work, yet another move was made, i.e., Admiral Kolodziejczyk was recalled from his post and another reorganization in the house on Krolewska Street occurred. The civilian Bronislaw Komorowski became deputy minister in charge of the educational department; he selected Gen. Bde. Krzysztof Owczarek to be the chief of his executive department—director of the Department of Education. General Owczarek is 48 years old; recently he has served as deputy for political affairs, subsequently educational commandant at WAT [Military Technical Academy], and before that deputy commander of the Warsaw Military District [WOW]. He graduated from the WAP [Military Political Academy] and later the USSR Armed Forces AGSh. Deputy Minister Komorowski moved into the office of the former GZP chief, and General Owczarek took the office of his first deputy.

After the last reorganization, the number of positions in the educational department was reduced by 50 percent (in the center, by 70 percent). At all levels, the so-called billet structure was revised downward. As a result, only two generals remained in this department. The tasks of military education officers changed. It is planned to set up a new, psychological department in the future patterned after the models encountered in modern armies. There are difficulties with the recruitment of people who have the necessary qualifications; the armed forces do not train psychologists. General Owczarek counts on college graduates who will be able to sign contracts for professional service in the armed forces. It will most probably be possible to employ in this department women who, as has been observed in other armies, are a neutralizing influence on these typically male communities.

The chaplain service, which now reports to Minister Komorowski, has been transferred to the educational department. It is an urgent necessity to find 24 priests willing to serve in the army. More than 100 garrisons do not have their own chaplains.

Following an unfortunate episode in heading the WIH [Military Institute of History], the last GZP chief Gen. Arms Szacilo is in the so-called command, which means that he is preparing to retire. Recently, he has been vacationing in Zakopane. His predecessor, Gen. Arms Baryla, holds a diplomatic post in Syria. Another former [GZP] chief, Gen. Arms Wlodzimierz Sawczuk, is seriously ill and a patient at a hospital.

The last "watch" in the GZW holds other positions now. Gen. Bde. Tadeusz Kojder is the chief of the Voivodship Military Headquarters in Warsaw; General Hermaszewski became deputy commander of the Air Force and Air Defense Troops; Generals Zdzislaw Rozbicki and Mieczyslaw Michalik are in the command (the same is the case with another deputy GZW chief Colonel Marian Jurek). Gen. Bde. Prof. Leslaw Wojtasik (57), former

chief of the GZP Agitation and Propaganda Department, who is known in the community of journalists, is also in the command.

At present, educational directorates of [military] districts are departments. In general, new people have been assigned to them who are not associated with the political [indoctrination] establishment. In the Warsaw district, this is Colonel Lech Pietrzak (42 years old, ASG [General Staff Academy] graduate, previously worked in the WOW headquarters); in the Pomeranian district, it is Colonel Piotr Lemanowicz (45 years old, graduate of the German People's Army Military Academy, GDR, previously, at the POW [Pomeranian Military District] headquarters); in the Air Force and Air Defense Troops, Gen. Bde. Zenon Kulaga (50 years old, Sejm deputy, ASG graduate, previously commander of an air force regiment and deputy commander of an air force division); and in the Navy, it is Commodore Wieslaw Grabowski (51 years old, WAP graduate, previously commandant of a training center). From among the previous chiefs, Colonel Zdzislaw Nowacki (48 years old, graduate of the Command and Staff Courses) remains in the Silesian district.

The following are editors in chief of the main military periodicals: ZOLNIERZ RZECZYPOSPOLITEJ (previously ZOLNIERZ WOLNOSCI)—Colonel Zdzislaw Janos (49, at this post since 1985); ZOLNIERZ POLSKI—Colonel Jerzy Cichocki (61, since 1982); and WOJSKO I WYCHOWANIE (previously WOJSKO LUDOWE)—Colonel Zdzislaw Czerwinski (58, since 1977). Colonel Wlodzimierz Szymanski (57) is chief of the military programs department of Polish TV.

In 1989, Colonel Andrzej Szerauc (48) became director of the Polish Armed Forces Museum. Colonel Kazimierz Lastawski (48), previously head of a department at the WAP, has been assigned to the Central Military Library. Colonel Jan Ignaczak has been recalled from the Military Magazines publishing house; Colonel Wladyslaw Mis (50), a WAP economist with academic degrees, has been proposed as his replacement. [The film studio] Czolowka has been headed since last year by Colonel Edward Wojtara (50). However, this film studio will shortly be removed from military structures. At present, Prof. Andrzej Zahorski, a scientist from the University of Warsaw, heads the WIH [Military Institute of History].

The Fall of the Generals

At present, there are 138 generals in the Polish Armed Forces. The average age of the lowest rank, brigade generals, is 58 years. Higher ranks are considerably older. In keeping with labor regulations, brigade generals may serve until 58, division generals may serve until 60, and generals of arms until 62. These limits may be exceeded in justified cases. Generals serve in military units and institutions, in civilian establishments in positions reserved for the military, and they are attached to other ministries (for example, Generals Baranski and Baryla), or else they are in the command (having left

their positions, they await further assignments or are retired from the armed forces). This year, 15 generals have already been retired; another 25 will be retired before the end of this year.

Among them, along with others are the following: Gen. Arms Zbigniew Nowak (64), former chief inspector of materiel; Vice Admiral Ludwik Dutkowski, former GZP deputy chief; Gen. Div. Jerzy Modrzewski, deputy minister of the machine building industry; Gen. Bde. Edmund Poradko, recently Polish ambassador to Afghanistan; Gen. Bde. Edward Drzazga, chief of the URM GIT [Main Territorial Inspectorate of the Office of the Council of Ministers]; Gen. Bde. Henryk Kosztrzewa, former chief military prosecutor; Gen. Bde. Edward Lukasik, former first secretary of the PZPR Voivodship Committee in Poznan and deputy commander of the Air Force; Gen. Bde. Janusz Sieczkowski, director of the defense department at the Ministry of Agriculture; Gen. Bde. Leon Sulima, former chief of the KOK [National Defense Committee] Secretariat; Gen. Arms. Tadeusz Tuczapski, former deputy minister, currently holding the elected office of LOK [National Defense League] chairman; Gen. Div. Tadeusz Hupalowski (68), first deputy chief of the General Staff until 1983, currently NIK [Supreme Chamber of Control] chairman; Gen. Div. Edmund Rozlubirski, recently at the Ministry of the Interior; Gen. Div. Wacław Szklarski (65), former deputy chief of staff of the Allied Armed Forces to the Warsaw Treaty (returned from Moscow recently); Gen. Div. Jan Zielinski (65), recently general director in the Planning Commission and the CUP [Central Planning Administration]; Gen. Div. Zygmunt Zielinski (65), former chief of personnel at the Ministry of National Defense, recently chief of the Military Mission in West Berlin; Gen. Arms Wojciech Baranski, former chief of the Main Combat Training Directorate, currently ambassador to Cuba; Gen. Bde. Kazimierz Stec, representative of the Republic of Poland in the Observer Commission of Neutral States in Korea; and Gen. Bde. Mieczyslaw Michalik, former GZP deputy chief and WAP commandant.

At the Top—In Keeping With the Plan

Great changes were made in the MON [Ministry of National Defense] and the headquarters offices of this ministry between 1 September 1989 and the end of August of this year. This is not to say that there was a purge ("the bloodthirsty" ones are reminded of the situation in the Red Army following the Stalinist purge of 1937). People previously prepared for the vacated posts took over in most cases.

Minister Vice Adm. Piotr Kolodziejczyk is 51 years old; he graduated from the WSMW [Higher Naval School] in Gdynia, the USSR Naval Academy, and the USSR Armed Forces AGSh; among other things, he was commander of the Navy. Since 1983, Gen. Arms Jozef Uzycki has been chief of the General Staff with the rank of deputy minister; he is a graduate of the Polish Armed Forces ASG and the USSR Armed Forces AGSh. Gen.

Arms Jerzy Skalski, chief inspector of the territorial defense of the country, KOK secretary, and previously WOW commander (born in 1925 in Grodno, graduate of the USSR Armed Forces AGSh) is likewise a deputy minister, as well as Gen. Arms Antoni Jasinski, deputy minister for general affairs, appointed to this post in 1983 (63, graduated from the Polish Armed Forces ASG in 1952). The newly appointed civilians Janusz Onyszkiewicz and Bronislaw Komorowski are deputy ministers too.

Gen. Div. Tadeusz Kusmierski (60), previously chief of staff of technical services, graduate of the WAT and the ASG Post-Graduate Courses, became chief inspector of materiel. At present, Gen. Div. Jan Kuriata (59) is the main quartermaster of the Polish Armed Forces; previously, he was commander of the Silesian and Warsaw military districts, graduate of the Polish Armed Forces ASG and the USSR Armed Forces AGSh. Gen. Div. Stanislaw Zak (60), previously MON chief of personnel and Polish Armed Forces ASG graduate, is chief of Department II of the General Staff. Gen. Bde. Ryszard Michalik (60), previously chief of the Civil Defense Staff and deputy chief of the OCK [National Civil Defense], graduate of the Polish Armed Forces ASG and the USSR Armed Forces AGSh, is the new chief of personnel. Colonel Janusz Godyn (41, previously chief of the WOW court, graduate of the Jagiellonian University) became chairman of the Military Chamber of the Supreme Court. Colonel Ryszard Michalowski (49, graduate of the Adam Mickiewicz University in Poznan) became chief military prosecutor.

The previous SOW [Silesian Military District] commander Gen. Div. Henryk Szumski (49, the Polish Armed Forces ASG and the USSR Armed Forces AGSh) is first deputy chief of the General Staff. Gen. Div. Franciszek Puchala (49, the Polish Armed Forces ASG and the USSR Armed Forces AGSh) is deputy for operational affairs. Gen. Bde. Roman Misztal (58), WAT graduate and doctor of humanities, is also a deputy chief of the Polish Armed Forces General Staff. Gen. Div. Edmund Bolociuch (born in 1938 in France, graduate of the Polish Armed Forces ASG and the USSR Armed Forces AGSh) currently heads the Main Combat Training Administration. Gen. Bde. Zenon Poznanski (48, the Polish Armed Forces ASG and the USSR Armed Forces AGSh, previously chief of staff of the WOW [Warsaw Military District]) became chief of the KOK Secretariat. Colonels Adam Tylus (46, WAT and the USSR Armed Forces AGSh) and Tadeusz Noskowski (53, the USSR Academy of Chemical Defense and the USSR Armed Forces AGSh) were also appointed to high positions. The former became chief of staff of technical services, and the latter chief of civil defense staff of the country.

New Cadres

Even greater changes have occurred at lower levels. This year, the leading personnel have been changed in military districts and armed services.

Previous Deputy Chief of General Staff Gen. Div. Zdzislaw Stelmaszuk (54, WAT and the USSR Armed Forces AGSh) became commander of the Warsaw Military District. Former Chief of Staff of the Silesian Military District Gen. Div. Tadeusz Wilecki (45, the Polish Armed Forces ASG and the USSR Armed Forces AGSh) heads the district, and Gen. Div. Zbigniew Zalewski (49, the Polish Armed Forces ASG and the USSR Armed Forces AGSh), who also used to hold the post of deputy, heads the Pomeranian Military District. Gen. Div. Jerzy Gotowala, previously the commander of the air force (49, the Polish Armed Forces ASG, doctor of military sciences) commands the newly created Air Force and Air Defense Troops. Rear Admiral Romuald Waga (54, the USSR Naval Academy and the Polish Armed Forces ASG Post-Graduate Course) currently commands the Navy of the Republic of Poland.

There are few changes in military educational establishments, which is understandable. Since 1984, Gen. Div. Edward Wlodarczyk (55, professor, Ph.D., engineer, graduate of the WAT) has been the commandant, or rector, of the Military Technical Academy. Since 1981, Gen. Bde. Wladyslaw Tkaczewski (65, professor of medical sciences, WAM [Military Medical Academy] graduate) has headed the Military Medical Academy. Two years ago, Rear Admiral Kazimierz Bossy (59, graduate of the USSR Naval Academy) took over the AMW [Naval Academy] two years ago.

Gen. Div. Tadeusz Jemiolo (50, graduate of the Silesian Polytechnical Institute and the Polish Armed Forces ASG, doctor of military sciences) commands the Academy of National Defense which was formed on the basis of the ASG to which a segment of the former disbanded WAP (Department of Humanities) was added.

Lower Ranks

Last year, 12,111 career servicemen were discharged from the army; 6,550 of them were discharged at their own request, explaining their step as due to their poor financial situation. Last year, 4,076 people embarked on professional military service.

According to data as of 1 January 1990, the average age of officers with specific ranks was as follows: second lieutenant—27.4 years; lieutenant—30.7 years; captain—35.4 years; major—40.9 years; and colonel—53.8 years. By the end of this year, the averages will drop due to reductions and stricter compliance with the upper limits of age for individual ranks. In keeping with the guidelines, a junior officer (up to the rank of captain) should be not older than 40; a major—not older than 45; a lieutenant colonel—not older than 50; and a colonel—not older than 55. Professors, physicians, chaplains, and other specialists may serve until 65 years of age if necessary. The upper limit of age for warrant and non-commissioned officers amounts to 50 years.

This year, the outflow of young cadres has slowed down, but there still are difficulties with recruitment for career

military service. Only 77 percent of the slots envisaged for military schools were filled after the first round of entrance exams. Recruitment was complete only at the WAT, WAM, AMW, and the quartermasters school. Higher officer schools are particularly unpopular: missile and artillery school (41 percent filled); engineer school (39 percent filled); radiotechnical school (43 percent filled); and communications school (55 percent filled).

Many officers are studying abroad: 84 in the USSR; seven in the GDR; 10 in the CSRF; and nine in Hungary. Nine people are working toward doctorate degrees

abroad. Previously, between 10 and 12 of the most gifted officers (most frequently colonels) were referred once every two years for a two-year course of study in the "generals' academy," or the USSR Armed Forces AGSh, the popular "Voroshilovka." This year, six officers were sent there; there was a lot of competition, and special exams were held. No officers were sent this time to other Soviet academies.

It is planned to begin sending officers of the Polish Armed Forces for training to the military schools of Western states beginning in 1991.

CZECHOSLOVAKIA

Agricultural Privatization Problems Viewed

90CH0317C Bratislava ROLNICKE NOVINY
in Slovak 17 Jul 90 p 4

[Interview with Eng. Jozef Krsek, Eng. Jan Tim, and Eng. Anton Markovic, Dunaj JRD [Unified Agricultural Cooperative] in Bratislava-Rusovce; Eng. Ladislav Zelman, Rozvoj JRD in Nova Dedinka; Eng. Jozef Markovic, Zahorska Niva JRD in Vysoka; Eng. Jozef Kopic, JRD in Horny Bar; Eng. Imrich Kaprinay, doctor of science candidate, JRD in Cierny Brod; and Eng. Peter Glezko, JRD in Ziar nad Hronom, by Hana Kardosova, Eva Nagyova, Marcela Zabojsnikova, and Gustav Bartovic; place and date not given: "Instead of Prosperity, an Economic Crisis?"—first paragraph is ROLNICKE NOVINY introduction]

[Text] There is some truth in the saying that farmers were always close to the ground and therefore, could experience the feeling of work well done. After all, for many years our tables have been spread quite well, even though the views on the quality of our food differ. Nevertheless, those who thus far have been filling our stomachs are now at the crossroads of destiny. Revolutionary achievements rejoice at the disclosed reality—under the past system the farmer was on the fringe of society! However, he finds himself on the same spot even now. Using the argument of its thorough transition to the market mechanism, our society has pushed the farmer to the frontline of an enormous army; let him be hit by sharp bullets of the principles of a radical economic reform. And he—be he an owner, a member of a cooperative, or a private farmer—must suffer and heal his wounds as best he knows how. How do our most competent experts view the current situation on the battleground of our transition to the market mechanism? Respondents to today's poll answer our question. Eng. Jozef Krsek, chairman; Eng. Jan Tim, vice chairman; and Eng. Anton Markovic, economist of the Dunaj JRD in Bratislava-Rusovce:

"We think that procurement prices in agriculture do not express the real cost of agricultural products. The system of supplemental economic instruments, surcharges, premiums, and the base price are also part of the overall cost. However, they are regarded as subsidies from the state budget and are not permanent. In the past, our primary agricultural production used to exert pressures on prices to reflect supplementary pricing elements. The reverse is true of the current reforms. Procurement prices have declined but surcharges have increased. As the subsidies continue to be reduced these surcharges may be the ones to be most affected. We do not have to look far for an example. During the most recent reform of procurement and wholesale prices, these funds had been fully accounted for as part of refunds on prices in the agricultural sector, however, this year they were cut back by more than Kcs2.1 billion.

"Current prices applicable in our agricultural sector have produced an economic imbalance in enterprises. For most agricultural enterprises which operate in more favorable conditions for production and which do not collect differential surcharges, livestock production is unprofitable. In the coming period, we expect to advance to the market mechanism and thus, stop production at loss. Profitable enterprises no longer have extensive untapped assets to facilitate cost-cutting. This may lead to a decline in our food production, particularly in livestock farming. Demand will be created in the market and consequently, procurement and retail prices will go up. It will not be possible to expand the herds of cattle, especially of milk cows. Smooth operation of our economic mechanism may be enhanced by the abolition of the consumers' monopoly status, and problems of procurement prices may be resolved if supplier-consumer relations will function according to the principles of the market.

"In conclusion, perhaps a note that the monopolies—in other words, wholesale enterprises Zelenina [Vegetables] and Mliekarne [Dairies]—are fulfilling their duties and dictating their conditions like feudal lords, which means that agricultural managers cannot do anything to oppose them.

- Eng. Ladislav Zelman, chairman of the Rozvoj JRD located in Nova Dedinka, district Bratislava-Suburbs:

"As for procurement prices, especially those of animal products, they are unrealistic because they do not reflect production costs, above all because the prices of inputs—fodder, disinfectants, mechanization equipment—are very high and their quality is below the desirable standard. Thus, agricultural workers are not the only ones to be blamed for high production costs. On the other hand, there are considerable hidden assets in our agricultural enterprises because the problems of their relations have not been fully resolved. A member of the cooperative does not feel that he is working on his own property but that he is being exploited as a hired hand. Surcharges on procurement prices have been promised; however, no one can give us firm assurances that we shall in fact receive them because the economic situation in our state may—and will—change, and the surcharges may be taken away. We have been promised compensation for the procurement prices of wheat and corn; that is no longer true. Another problem with the surcharges is that our agricultural enterprises have to get credits for which we pay interest and the period between the sales of our products and the receipt of the surcharges is often very long.

"As for our transition to the market mechanism, in my view it should be done fast, even if it hurts us. Consequently, the market will not be getting regular supplies of products. It is axiomatic that this will then leave a mark not only on the living standard of the members of cooperatives but also of other citizens. We certainly must have some guarantees about our future direction! The sooner we get them, the sooner we may start with

steps to mitigate that impact. By this I mean a change in the structure of our production—naturally, we should have free pricing, and finally, we need also specific relations of ownership in the form of membership shares, joint-stock companies or privatization. However, it would be very wrong if we would fail to use our existing capacities in the fullest and search for some other opportunities for our economic buildup. Thus, at stake is the most efficient utilization of existing stables, machinery, and so on, so that people may use their facilities and do their job in a pleasant environment as happily as if they were private managers."

- Eng. Jozef Markovic, chairman of the Zahorska Niva JRD in Vysoka on the Morava River, district Bratislava-Suburbs:

"I would not want to sound pompous because I have been in my job as the JRD chairman for a little over one month. I take procurement prices for what they are. Current changes should not hurt economic results of our cooperative, but neither will they improve them. I am a bit afraid of problems that may occur with the procurement of livestock, cattle, and milk because of higher retail prices and consequent reduction in consumption of meat and milk and of meat and dairy products. With current contractual freedom, potential slowdown in procurement could hurt our economic results. However, I trust that our partners are serious and hope that this problem simply will not materialize.

"About the market mechanism: Since our government has already decided to follow that route and to resolve our further development that way, there is nothing more we can do but prepare for it—to find correct and dependable customers for at least 80 percent of our products and thus, to create the most essential preconditions for our economic expansion and renewal, and set the rest aside for independent ventures, if one can call them that.

"Concerning the question of subsidies, I shall quote Minister Dzatko and emphasize his statement that all civilized nations in the world respect their agriculture and subsidize it. It will be up to us alone whether we shall correctly understand the interests of our state, seize the opportunity, and make the best use of the subsidies granted to us."

- Eng. Jozef Korpice, chairman of the JRD in Horny Bar, district of Dunajská Streda, vice chairman of the Slovak Farm Cooperative Union:

"Our new economic conditions have left their mark on the management of our cooperatives in the district of Dunajská Streda which now have Kcs51 million less for their development than in the previous year. The fields owned by our cooperatives are located above the largest reservoir of drinking water; that also has a negative effect on the economy of our production. Higher costs of production and of operation of our ecological facilities have exceeded revenues from the value of our land. This fact has been disregarded when lands were classified

according to the quality of their soil. The decision of the Federal Ministry of Agriculture and Food to cut subsidies has reduced profits of our enterprises by another Kcs27 million. What bothers us the most is complete cancellation of surcharges on procurement prices of corn for grain, which means a shortfall of Kcs12 million for our district. Not even the surcharges for cow milk during winter months will compensate us. The most productive, and in economic terms the best agricultural cooperatives, have been affected the most. Assets they have produced are redistributed to lagging organizations from which subsidies and aid have taken away all ambition to improve their economic output. We are convinced that the policy of redistribution of assets continues, and that it will produce no desirable effect whatsoever. We may illustrate the negative impact of the economic instruments on the following example: to pay wages, 16 of the 23 JRD's in our district have already been forced to borrow at a high interest rate. That was not the case in the past.

"To create equal opportunities for every subject operating in agriculture, we consider it a correct step to limit subsidies and grants, and to transfer such funds to price instruments. Actual experience has shown that not those who sit in central agencies but those who create assets know best how to utilize them most effectively.

"The continuous economic deterioration of our cooperatives is caused to a major extent by the agricultural land tax and concurrent unrealistic classification in agro-economic categories. Thus far, only very little has been improved in this area. We therefore request that the ministries and the governments to deal immediately and effectively with the above-mentioned problem because it is causing a profound economic crisis for the cooperatives in the district of Dunajská Streda and for the cooperatives in other production areas. This problem must be resolved expeditiously by means of temporary subsidies. As a matter of fact, it is unconscionable, for example, that lots belonging to three cooperatives, that meet at one point, are included one in category No. 3, one in No. 6, and one in No. 11, which represents taxes from Kcs1,500 to Kcs2,700 per hectare of agricultural land."

- Eng. Imrich Kaprinay, doctor of science candidate, JRD in Cierny Brod, district of Galanta:

"There are several bottlenecks in the current situation. For instance, the meat-processing industry declared that it would not buy any more meat. Thus, we formally received surcharges which may be just as fast cancelled, but in reality, we are not getting them after all because the meat processing industry is not buying our meat.

"The situation of our barley is similar but for different reasons. This year we have harvested a real bumper crop with a low nitrogen content; beer made with it would be outstanding—after all, its quality can be tested and analyzed. However, according to regulations, this top-quality grain (editors note: Which is an excellent export

article) is bought for fodder because such is the sequence of procurements. Quality does not matter, only officially set regulations are decisive. In August, when all supplies are fulfilled, we are supposed to receive the differential on procurement prices, but meanwhile we have to pay our bills when they are due; the bank will not make any allowances—we have to make payment immediately at the end of every term, and so it is a small wonder that sometimes we are insolvent.

"Speaking about payments—the meat processing industry makes payments to enterprises and private persons alike once a month, late, with delay. That is no market economy; no such relations exist there. When you deliver—I'll pay. Thus, the enterprise may have funds, but in fact it must wait for its own earnings. It is paradoxical that the bank itself has forced us into this situation because it cannot carry out its internal operations in a proper way. We make our deposits on Friday but because the teller cannot process them, we may not have enough cash on hand to pay wages on Monday.

"It is terrible and incredible that in spite of that, there are shortages of meat. It is a hassle to obtain some salami or frankfurters for our tractor drivers. Regulations applicable to this day prevent us from processing our meat, but that, too, must change—regulations, standards, and everything must be changed... Whatever is not forbidden must be permitted.

"The attitude of other partners toward us is such that they believe they can do as they please. The Slovosivo [Slovak Seed] company delivered to us wheat that was supposed to be delivered for the fall sowing. They cleaned out their storage—but now we must take care of the seed grain and treat it. But then we do not need such an enterprise at all.

"I think that economic contracts for the next year should be concluded already at this time so that we may know not only our obligations but also conditions for their fulfillment. The whole planning system must adopt rules of fair play—that is what the market economy is all about: conditions clearly stipulated for both parties. Then even free pricing can be endured."

- Eng. Peter Glezko, economist, JRD of the Czechoslovak-Soviet Friendship in Ziar nad Hronom:

"The current situation of procurement prices for agricultural products has declined but for the time being this decline has been resolved by surcharges to procurement prices. As of 1 January 1991, however, all surcharges are supposed to be abolished and thus, prices of our products will also drop. Prices of selected top-quality products will be guaranteed, but so far the monopoly consumers—dairies, bulk buyers, PZNP [not further expanded], food processing industry—determine the categories of quality and consequently, also the prices by contracts for other categories. On the one hand, prices will go down, and on the other, the projected increase of the costs of agricultural production is 24 percent. Our ministry is often blamed for our high production costs; however, we

must bear in mind that prices of our products were relatively stable while the inputs from other branches had risen 158 percent since 1976. Summary projections of the development of prices in the economy of agricultural enterprises anticipate losses in our agricultural production even at the current prices. The profitability of agricultural enterprises depends mostly on the amount of profits from their economic operations. However, I think that we work in agriculture and that our prices should be guaranteed according to the quality of each product on such a level that agricultural operations may at least ensure a simple economic renewal of the agricultural enterprise. The development over the next period, even this year, will force us to set up our own facilities for the processing of our products, and our own stores.

"Furthermore, I should like to say that individual representatives of agricultural enterprises should take part in the pricing process, discussion, etc. It often happens that we are invited to various training programs and lecturers with presentations by lecturers from our ministry or other institutions. Unfortunately, the minister or his deputies do not attend such consultations but send a delegate to read their reports. Therefore, there can be no direct discussion with the most responsible individuals, in other words, with the minister or his deputies. This happened at several consultations this year. I think that we need their participation in order to deal with certain problems."

Risk of Restrictive Policies Discussed

90CH0360C Prague HOSPODARSKE NOVINY
in Czech 1 Aug 90 p 6

[Article by Eng. Ivan Kocarnik, deputy minister of finances of the CSFR: "Do Restrictions Involve a Risk?"]

[Text] Some authors often contribute to public confusion by presenting half-truths or incomplete argumentation. This blocks or slows down processes of economic reform under the guise of "discussion" of open or controversial problems. One of such articles is the contribution of Eng. Eduard Mikelka "A Risky Operations" (HOSPODARSKE NOVINY No. 28, 1990). I shall not argue with all of his theses. I shall only focus on the critique of a restrictive state budget and financial policy.

Many arguments in favor of the necessity of restrictions at this stage have been presented over the past six months. After all, in the same issue of HOSPODARSKE NOVINY in which Eng. Eduard Mikelka's article was published, Frantisek Valenta in his contribution "Let Us Be Realistic, Let Us Do The Impossible" offers quite irreproachable and convincing arguments to that effect. Where, in my opinion, are the main errors in Eng. Eduard Mikelka's argumentation?

- His theses "Anti-inflationary measures, to be successful, must be focused primarily on intensified supply, i.e., on increasing the rate of selective economic growth" is fundamentally wrong. That follows

not only from elementary knowledge of economics concerning the correlations of growth, employment, and inflation but also from the whole economic development in Czechoslovakia to date. It is evident that basically, there was a continuous imbalance in our country, with demand higher than supply; the planning center always tried to rectify that imbalance by raising supply. That "effort" would always bring an exactly opposite result—higher imbalance.

- Furthermore, it is completely obvious that the economic policy over a brief period has in principle only one method for correction of the above-mentioned kind of imbalance, namely, lower demand. The argument about the development in Western economies of stimulated growth in the 1980's is more than incorrect. It omits or conceals the whole period of the 1970's when those economies had to adapt to oil shocks (their primary concern was the need to restore the balance, even at the cost of their declining economic growth, and only on that basis then were able to stimulate the growth in the 1980's).
- In Eng. Eduard Mikelka's conception the anti-inflationary macroeconomic effect is implicitly linked only with the state budget; currency policies and their irreplaceable position in macroeconomic policies are ignored. This leads to an impression that inflationary impulses could exist completely independently of money and demand. ("Another cause of the inflationary development may be a higher growth of wages than the growth of labor productivity and the growth of national income. Another cause of inflation may be an excessive volume of investments.") To be sure, it is evident that for those processes to occur, they must also be "ensured or served" by a certain amount of money or financial assets. With sufficiently harsh restriction on hard currency and finances, they cannot occur perfunctorily—because they collide with such obstacles as shortages of money or financial assets. That is, among other things, also the magic of restrictive anti-inflationary policies.
- The theses stating that "The problem of inflation in the Czechoslovakia's economy does not stem primarily or to a major degree from the budgetary policy of previous years" is untrue. Budgetary policies in the past years had set off inflationary impulses. Without thorough study, however, their mechanism is not entirely obvious. In principle, it acted in such a way that the state budget would issue relatively large funds, especially for public services consumption, which increased much faster than the revenues of the state budget. Nominally the state budget was balanced because great many expenditures were passed on to the bank system. That led to an enormous escalation of credits in our economy (in the 1970's) and at the same time, also to a growth of the share of pseudocredits in the economy of enterprises (for instance, credits for the so called continuous turnover of inventories). After that practice was abandoned in the 1980's, depreciations from the enterprise sector

were drawn off to the state budget so as to balance the budget, or more appropriately, to compensate its excessive expenditures, which resulted in a drain on assets in many enterprises. Finally, in recent years the deficit financing was practiced both covertly—by the use of assets accumulated in past years (state assets)—and overtly—by an openly deficit budget. The common denominator of all those methods was deficit financing, and thus, creation of inflationary impulses.

- The author conjures an impression that the state budget has imposed an enormous amount of restrictions, and that the state (state budget) does not help enterprises with the solution of their current problems stemming from the restructuring of our economy. It seems to me that it would be a waste of paper to repeat again the figures that express the amount of restrictions of budgetary subsidies (in conjunction with the discussed budget it was published in considerable detail).

As for the "aid" to enterprises granted from the state budget at this time, I refer the author of said article to Frantisek Valenta's argument that the best help for the hypertrophied and inefficient enterprises are in fact cutbacks of subsidies which should force them to upgrade their operations, reduce their costs, and thus, to produce financial resources that will enable them to expand as much as their achievements permit. In view of the fact that I manage a sector which also includes the state budget, I can assure Eng. Eduard Mikelka that this particular mechanism operates pretty well.

Enterprises that came to realize that the restrictive budgetary policy is meant seriously and that it also will be consistently implemented, are gradually beginning to change their attitude. On the one hand, they stopped to regard to the state budget as the easiest solution of their problems, and they are considering far more about what to do and how to do it, what to change and how to change it, and how to improve their management.

An attentive reader of the 1990 state budget knows that the state budget has set aside over Kcs2 billion in contingency funds that are now used to assist enterprises which through no fault of their own have found themselves in a hopeless situation (as, for example, the problem of conversion) or which need to be temporarily bailed out with the help of budgetary funds.

Tax System Recommendations Published

90CH0360A Prague HOSPODARSKE NOVINY
in Czech 1 Aug 90 pp 1, 7

[Article by Eng. Jiri Skampa, director of the District Financial Administration for Brno-Suburb: "Taxes and Tax System"]

[Text] Questions about tax regulations and agencies which will collect taxes and thus in fact control and regulate our entire economy are now somewhat in the background. I personally think that such issues are of

decisive significance and in accordance to their importance should be given priority rating also in terms of time.

Before getting involved in entrepreneurship in a certain branch, every economically thinking person—whether a private entrepreneur or employee of a foreign corporation—needs to know what taxes he will pay. Without that information every kind of entrepreneurship is a step into the unknown and what is more, into darkness. On the other hand, there is the state which aims at a normal economy; in a market economy, where money is general equivalent for value, the state wants to keep some money in the state budget and therefore, it must have agencies to collect money in the form of taxes.

Even an ingenious tax system would be good for nothing if it is ignored. Certainly, tax regulations are not something with which everybody would love to comply. If we add to that our national character, it is a foregone conclusion that tax evasion will become our number one national pastime. Therefore, it is necessary to establish expeditiously such a system of public information, rational administration and consistent control. Its apparatus must be completely objective, contain mechanisms for independent supervision of the tax administrator, and provide access to corrective measures. The sooner we organize operative agencies for administration and control of state revenue, the sooner will the much needed funds be in our state budget. Considered in economic terms, this is a highly profitable investment that our society needs. Let us not reinvent the wheel; let us use mechanisms that are already operating efficiently in the world and that have been tested for many years.

When formulating tax laws, their decisive criterion is unambiguity which also is a precondition for their remaining in force for many years. The objective here in particular is to formulate the basic regulation so as to encompass as many problems as possible without any chance for several subjective interpretations on the part of the taxpayers and tax administrators alike, and so that there be no need to issue series of new procedural instructions. It is obvious that it will not be a simple task to formulate such regulations; the emphasis should not be on the simplicity of regulations but their quality. The structure of a top world automobile or computer is not simple, either. Rather, its operation and achieved parameters are of essential importance. The same rule applies to tax systems as much as to cars and computers.

Internal Revenue Offices

The legal amendment should proceed from the laws of the Federal Assembly, announcements of the Federal Finance Ministry, governmental decrees, and legislature of the administrative (financial) court. In all of Czechoslovakia a uniform methodology should be applied for the determination of the tax base. Payments to the budget of the republics, regions, districts and communities will be made at a variable annual rate which must be

stipulated for selected taxes within a range regulated by law. Tax laws should be generally valid for all of Czechoslovakia.

The most direct receivers of taxes will be the budgets of the republics from which the budget of the federation will be financed. Regions, districts, and communities should have their own incomes as shares from the taxes collected from taxpayers on their territory. The Finance Ministries of the Czech and Slovak Republic may be authorized to grant subsidies also in the form of tax deductions.

With reference to the proposal for an institutional system, I should like to recommend that the Federal Finance Ministry [FMF] set up a tax sector to oversee the drafting of legal regulations. It should provide interpretation for such regulations on the condition that it be published and made freely available to administrative agencies as well as to taxpayers.

An audit department should be organized to oversee the disbursement of budgetary funds, appropriations and subsidies, the management of budgetary organizations, etc.

Financial prosecution established in the FMF at the level of the federation should be an independent agency representing the state's financial interests in actions at the administrative court, and pointing out violations of legal regulations in force. It should have branch offices in regional financial directorates.

The sector of electronic data processing will keep uniform records of taxpayers in all of Czechoslovakia, and accounts of all revenues and their transfers to individual budgets. Naturally, that requires the installation of a complete interface computer system.

I recommend that the ministries of finances of the republics establish on their level a sector for taxes and subsidies which will submit, in cooperation with the sector of the state budget, to finance ministers and to the government proposals on tax rates for individual years. It will administer and determine subsidies and tax rebates. An audit sector should be organized to control effective use of granted subsidies and tax rebates.

The minister of finances of each republic should be given the authority to appoint the director (president) of the regional financial directorate.

Regional financial directorates should be established independently for Bohemia, Moravia and Slovakia as independent budgetary organizations to administer and control taxes.

Internal revenue (financial) bureaus, whose legal subjectivity is only in vis-a-vis the taxpayers within that particular tax collection area, should be established in districts or counties. Internal revenue (financial) bureaus in major cities may have separate offices (branches).

Discussion Is Required

With reference to the proposal of the above-mentioned but thus far not comprehensive system, I should like to offer the following explanation. I presume that the tax system must meet these principles:

1. The uniformity of the legal amendment applicable to all of Czechoslovakia, will stem from its unambiguous formulation and interpretation by the tax department of the FMF. "Financial prosecution" will be in charge of independent audit. The uniformity of the legal amendment will guarantee equal conditions for the economic development on our entire territory. At the same time, it will provide conditions for the introduction of a uniform tax rate on one central computer, as has been practiced for several years already, for instance, in Austria.

2. Respect for the autonomy of territorial units, republics, provinces, districts, and communities will be ensured in the concept of tax regulations and given by the fact that taxes stipulated by laws may annually adjust the rates of payments to individual budgets within a range set by the law.

3. To separate legislative acts from operations of the administration; to carry out administrative operations by mediation of independent agencies, namely, regional financial directorates which will be in charge of tax administration and control.

4. The democratic process will be ensured if all participants in tax proceedings will have equal rights before law when settling disputes before the "administrative court." Compliance with legal regulations in force will be decisive in dealings before the administrative court whose "financial senates" should be established in the headquarters of regional financial directorates.

In conformity with the above-stated principles, administrative actions on tax matters should proceed as follows:

The internal revenue bureau should be in charge of actions in the first instance. Appeals against its decisions would be decided by the regional financial directorate. Furthermore, the taxpayer who disagrees with the determination of his appeal must have the option of appealing to financial prosecution which will review whether the disputed legal decision is legal or illegal, and have the authority to demand that the regional financial directorate revoke or alter its decision. If the directorate holds a different legal view and refuses to revoke or alter its decision, the prosecution may appeal to the administrative court which then issues its determination concerning the case. Moreover, the taxpayer should also have the right to appeal to the administrative court with a motion for a review of the legal decision.

In conclusion, I should like to stress that we must realize that as compared with advanced states, we have lost considerable time, more than 40 years in fact; we must now act fast, and what more, we must begin to do

everything right and well, so that everything may run properly and continuously. For that reason, the whole tax system should be created by a task force and in addition, discussed publicly by people who have something to say about it. Participants should be our professionals who know what we have and what part of it we do not want or cannot use, as well as foreign experts who have experience with operations of tax systems both with tax regulations and administration in the most advanced countries.

Comments on Commercial Lease, Sublease Law Given

90CH0378A Prague HOSPODARSKE NOVINY
(supplement) in Czech 8 Aug 90 p 5

[Article by Dr. Eng. Jaromir Cisar, doctor of science candidate, College of Economics in Prague: "Law on Lease and Sublease of Nonresidential Space: Only as an Isolated Provision"]

[Text] On 1 May 1990 Law No. 116/1990 Sb. [Collection of CSSR Laws] on leasing and subleasing nonresidential space came into force. Despite the relatively short period that it has been in force, it has become the subject of polemics and sharp criticism. For instance, the loss of one thousand tables in restaurants at the height of the tourist season has been linked with it. This is because, in accordance with this law, the Central Club of Education and Science gave notice to vacate to the tenant of the Savarin food complex. PZO [Foreign Trade Enterprise] Keramika did the same with its tenant, Variete U Novaku, and a similar fate awaits other enterprises. There is talk of anarchy, of the assertion of proprietary whims, etc. The NVP [National Education Committee] and ONV [Okres National Committee] have been described as "dead bugs," which are not doing anything to prevent the ensuing confusion and allegedly merely keep referring to the validity of the above-mentioned law. Other facts that have been mentioned should be cause for greater concern.

The new legal regulation on leasing and subleasing nonresidential space primarily gets rid of the former administrative allocation system. It is based on a new legal ownership structure, based on the absolute equality of enterprise entities. In accordance with this, Section 2 stipulates: "The owners and/or those who implement the right to commercial activity (hereinafter "lessors") may dispose with the spaces stipulated in Section 1 (hereinafter "nonresidential spaces)." The administrative system has been discontinued and national committees need only be consulted in those cases when rooms are leased for executing commercial activities or services. An integral part of the lease contract, which is meant to increase legal security, includes rent, determined according to an agreement. The determining factor for fixing it is the relationship between supply and demand,

i.e., market factors. Thus the new legal regulation establishes a total liberalization of the creation or cancellation of the leasing relationship, including its economic conditions.

From the above, it is obvious that this is a regulation that introduces an important condition for the functioning of the market mechanism. It is noteworthy because in a way it is the first provision relating to a relatively independent and perfected partial market, and deals with items that are a necessary condition for a number of business activities. Thus it can be considered to be a provision that is an organic component of our national economy's transition to a market economy. The problem lies in whether it is a sufficient condition to create the above-mentioned partial market.

The new legal regulation signifies a basic qualitative change in the criteria of leasing and subleasing nonresidential space. The transition from administrative to market criteria inevitably and necessarily affect existing relations and structures. Above all, this relates to space allocation of very varied operations and business activities. It is also logical that it will become most evident in the most attractive locations. In Prague—and the same will apply to other towns—it is the center. Causing an "earthquake," in a sense, is an inevitable concomitant phenomenon of the effectiveness of the new legal regulation. Former space allocation was often, if not predominantly, considerably at variance with economic efficiency.

However, apart from the above-mentioned liberalization, it is necessary to create further conditions to ensure economic efficiency. In my opinion, these consist of the fact that the decisionmaking process will be in the hands of owners who, through their material situation will be fully responsible for the reproduction of the given nonresidential resources. The first problem with the approved legal regulation arises in connection with this. In the above-mentioned provision in Section 2, those "who implement the right to commercial activity" are placed on an equal footing with owners. The result is, as some articles have stated, that caretakers have suddenly become landlords. I believe that in many cases, the new status they have acquired has, quite rightly, become questionable.

Granting rights to owners and entities with the right to commercial activity was either an error, or the result of the fact that the law on leasing and subleasing nonresidential space came into force before the so-called transformation law, which is meant to clarify ownership relations, including the ownership of nonresidential space, came into force. Since it was impossible to make an unequivocal decision about who was an owner, it was apparently stipulated that even an entity with the right to commercial activity was entitled to this right. By the same token, it is not impossible that after the transformation law has been approved, many of the entities with

this right will not become caretakers again, but undesirable tenants with the shortest term of notice possible. But at this time it is they who are giving out the notices.

It is also not impossible that a certain degree of haste played a role in the approval of the criticized provision, due to the urgent need to regulate the leasing relations for private businessmen resulting in connection with Law No. 105/1990 Sb. on private enterprise by citizens. This law also came into force on 1 May this year. Regulating leasing relations in such a way that the rent will be in line with economic rent was caused by a number of reasons and, at the same time, it introduced the basic conditions for developing private enterprise. Therefore, the criticized solution was adopted without waiting for the so-called transformation law to be approved; however, this could objectively cause true chaos.

The stipulation of conditions that lead to the establishment of an economically motivated rent, however, was not accompanied by the creation of identical conditions for business activities that do not require lease or sublease of nonresidential space. Under certain conditions, this could mean all entrepreneurial activities that are subject to the right to operate with nonresidential resources. These entities operate with the resources at prices, which, among other things, do not include differential locational returns, while rents determined on the basis of supply and demand indisputably do include these returns. Objectively, this leads to discrimination against those who need the lease or sublease of nonresidential space for their business activities.

The above-mentioned discrimination can be eliminated by introducing a residential or other property tax that would, at least partially, equalize conditions for enterprise activities. As is well known, according to the present regulation of the residential tax, all so-called socialist organizations are exempt from it. Obviously, this is a very complex problem, and is connected with the capitalization of nonresidential resources that include locational returns. This is only possible on the basis of a fully objective price system, in its entire range. Nevertheless, discriminational conditions on a partial nonresidential space market require a solution that will contribute both to the necessary development of private as well as other small-scale enterprise.

One should mention that the new legal regulation, particularly considering the present exchange rate of the Czech koruna to other currencies, and the hunger for them, is discriminatory in nature in respect to domestic entrepreneurs. This can only be remedied by means of a convertible koruna. However, it is important that efforts to attain a hard currency can be the reason for many notices that are given. I believe that this is why, in particular, a strict distinction should be made between the activities of an owner and the activities of an entity with the right to commercial activity. A necessary limitation to the activities of an entity with the right to commercial activity can be established by using Section

4, which stipulates that the laws of national councils can deal with leasing and concluding lease agreements.

One can understand that the national committees cannot be left in the position of "dead bugs." But this cannot be attained by granting them a tenant's wide-ranging rights of assignment. This would only be possible in a few limited cases. The solution primarily consists in accelerating the establishment of ownership by towns and communities, so-called communal ownership. Even some properties with nonresidential space, which, for example, fulfill the function of municipal entertainment and social centers, may become subjects of such ownership. This does not mean that it will be the national committees that operate them.

This, however, does not exhaust the relationship of public administration to nonresidential space that is an important component of the production and civic infrastructure of the town. Setting up such an infrastructure must be subject to a certain degree of influence from the self-government agencies of the towns and communities. However, the tool for this cannot be administrative regulation, it must be the system of local taxes and dues. Through them, it will be possible not only to draw off all or part of the differential locational returns, but to influence some aspects of the activities of the owners and/or tenants of nonresidential space. However, there is no such system to date. Thus the national committees have been condemned to be "dead bugs." Dealing with this situation is again a matter for the responsible Ministry of Finance.

The need for basic change in this direction is more than urgent. After all, increased pressure is to be expected from entrepreneurial activities not only for the most advantageous locations, but also for property and urban modernization. The public administration agencies should prepare themselves for this pressure, which will not be determined only by a basic change in the conditions of lease. They will also urgently also need a system of local taxes and dues.

The law on leasing and subleasing nonresidential space is in accordance with the needs of the transition to a market economy. However, its effect is significantly weakened by the fact that it was adopted as an isolated provision, without taking into account all necessary contexts. An out-of-context, and thus incompetent, creation of conditions for the establishment and functioning of the market mechanism then becomes a justified source of criticism and give rise to a lack of confidence in its effectiveness. The result of such actions is not the creation of market, but of quasi-market conditions. To eliminate the problems that are arising, it is therefore necessary to adopt further measures. The liberalization of the creation and cancellation of lease relations and rents is in itself insufficient to create a functioning market.

Caption to photo: Only gradually is one beginning to use nonresidential space optimally. Restoration of the town,

with considerable help from vandals, succeeded in bringing the hunting lodge of Vetruse in Usti nad Labem into the state seen in the photograph. The future operator, the Hotel Vladimir in Usti, expects that the general repairs will be finished by the end of this year.

Editorial Notes Absence of Slovak Political Opposition

90CH0385A Prague FORUM in Czech 14 Aug 90 p 4

[Article by Petr Bartos: "What Don't You Have in Slovakia?"]

[Text] My friends used to say: Come on, what don't you have in Slovakia? You can get better food, find better clothing, and if not you take a short trip to Budapest or Vienna, so what are you complaining about? I had to nod my head in agreement, then study alone in the evening Slovak "idioms" so I would not give myself away and stand out at home in Bratislava.

Times have changed now, though. Our discussions no longer are about material things, but of a more social nature. So to the question What don't you have in Slovakia?, I now have to answer: Opposition, friends! An opposition that would clearly and loudly state that we are for a common state and a common existence!

The 27 July edition of PRACA published the results of a public opinion pole conducted by the Center for Social Problem Research for the VPN, from which the reader learned that in simulated "elections" the Committee Against Violence [VPN] would have won again (though it would have two percent fewer votes), that the Slovak National Party [SNS] would come in second (with 4.9 percent more votes), and that the Christian Democratic Party [KDS] would fall to third place (with 4.2 percent fewer votes).

PRACA added the following:

"... This increase in the popularity of the SNS obviously is due to the clearly indifferent positions of leading politicians to a solution of national and nationalities problems." This is certainly true of Czech politicians. Here in Slovakia there have been, at least, attempts to create a "constructive" opposition by founding the sympathetic Movement for Czechoslovak Understanding, but its voice died after its failure in the elections. This has not happened to Slovak Republic premier V. Meciar whose concept of the constitutional organization of the republic, in his own words, is shared by the president and the Czech Government. In the government daily NARODNA OBRODA, he states: "Research shows, surprisingly, that separatism in the Czech lands is better developed than in Slovakia. The idea that if they want to, let them leave, finds wider support there than it would in Slovakia." (The premier probably also does not remember how many squares have seen demonstrations: Free Slovakia! Enough of Prague!). Mr. Meciar continues: "The West wants us to develop our relations on whatever principle we choose, but to relate to the outside

world as one entity. He finished his statements in PRACA with remarks probably addressed to those who are expecting billions of dollars from Slovaks abroad. "Many are talking about the billions we could get from the West. To tell the truth, this does not seem very feasible at this moment." (And probably will never be feasible, because no one will invest even one dollar in an unstable country without a single, unified government!).

So for the time being the president of the Slovak Republic is proposing a federation. He is also proposing, however, to disband the Federal Assembly (the Slovak National Council and Czech National Councils would replace it), and to allow Slovakia to have direct international relations ("Government offices exist with the same functionality as ours in Lithuania, in France, and elsewhere, so why shouldn't we be able to establish direct contacts?" PRACA, 26 July). He proposes to set up an office of vice president which would always be filled by a representative from the other republic. The office of the vice president would be in the capital city of the vice president's home republic. This is proposed as a variation on the presidential form of government...

Clearly there is a question of what the federal and republic offices will agree on. Nevertheless these proposals by the Slovak Government again call into question the constitutional organization of the republic, the formation of federal laws, of a federal constitution. Most Slovak politicians understand a federation as a temporary form of statehood. After rebuilding all state, but above all economic structures, these politicians will want to "enter Europe" independently. Slovak "independence fighters" you see, are well aware, that separating ourselves immediately could cause an economically and politically unstable situation in Slovakia, similar to that in the decolonized African countries in the early 1960's.

The growing popularity of the SNS, which quite clearly favors the division of our country (this is the only good thing about it), should be a warning to certain Czech politicians who are still inclined to the "Czechoslovak" solution. Now is the time to resolve this issue finally and responsibly. There is probably a great deal of fear of the results of the referendum on both sides. At the very least the referendum will clearly show whether the separatist tendencies of Slovak leaders are political ploys to gain recognition from emigrant groups, or whether they represent the true feelings of the Slovak people. Only truth can free a person from fear, as our president said in Salzburg. And I would add: our entire society as well.

Semiannual Czech Statistical Report Published

90CH0378B Prague HOSPODARSKE NOVINY
in Czech 15 Aug 90 pp 1, 4

["Excerpt" from the report of the Czech Statistical Office: "When Will the Economy Take a Breath"]

[Text] The social and economic development in the Czech Republic [CR] took place under complex

domestic and foreign conditions of economic reform, and to a large extent it was shaped by long-standing trends from past years. The behavior of the enterprise sector has not changed substantially, and is characterized by a wait-and-see attitude. The prudent limitation of some short-range activities was not balanced by the development of advanced products, and a lack of resources became apparent. The citizens', as well as the enterprises' demand was not satisfied.

Former development trends in the national economy are contradictory to the expectations of the state budget, which was planned on the basis of increased growth of economic output. Currency and budgetary restrictions have so far not brought the expected results. In a number of enterprises, problems with introducing products on domestic and foreign markets led to an increase in insolvency. These facts, together with structural changes and other internal and external factors, affected the development of the gross national product; it remained approximately at the same level as the first half of 1989, and if the effect of hidden inflation is included, it falls slightly below that level.

The process of establishing new state enterprises was accelerated, accompanied by personnel changes in their management. During the first half year, the number of state enterprises in the MP [Ministry of Industry] branch increased from 126 to 225, in the MVS [Ministry of General Engineering] branch from 86 to 366 and in the MZVZ [Ministry of Agriculture and Food] branch from 202 to 358. Enterprises in the nonproduction sphere also split up into smaller organizational units. At the same time, private enterprise did not develop at the necessary rate, especially as a result of the slow creation of legislative conditions, and because of continuing price and wage barriers. By 30 June 1990 the number of private entrepreneurs in the CR had grown to 163,952 individuals.

The drop in employment in the state and cooperative sectors of the national economy accelerated. During the first half year, the number of workers, expressed in converted values, declined by 54.5 thousand persons. The largest number of workers left construction (17.6 thousand) and industry (8.8 thousand). On the other hand, there was a partial increase in employment in the economic sector managed by the NV [National Committees] (by 3.8 thousand). Toward the end of the first half year there was a total of 6,809 unemployed persons, of whom 2,701 were drawing unemployment benefits.

Income from wages was 2.3 percent higher, the determining factor being an increase in average incomes. During the first half year, the average monthly wages of a worker in the state and cooperative sector (excluding the JZD [Unified Agricultural Cooperative]) was Kcs3,255 and, in comparison with the first half year of 1989, increased by Kcs83 (2.6 percent). In respect to the development of retail prices, real wages dropped during the first half year. According to SBCS [Czechoslovak State Bank] data, a total of Kcs1.8 billion were paid to

foreign tourists for the purchase of foreign exchange. Loans by the Savings Bank to our citizens also increased.

The trend toward a faster increase in citizens' spending (Index 106.1) than in income (Index 104.7) continued. Compared to the first half of last year, when the rate of savings was at 4.6 percent, there was a decrease to Kcs3.3 percent. When calculated per citizen, the personal savings amounted to 18,354, or approximately Kcs52,000 per household. Compared to this, citizens' savings in foreign exchange accounts grew quickly, their number almost doubling, with higher average savings during the first half year.

The volume of retail turnover during the first half year was 7.7 percent higher than during the same period last year. Sales in industrial goods was 9.7 percent higher, and sales in foodstuffs 5.4 percent higher. The sales share for foodstuffs amounted to 55.2 percent during the first half year. The influence of purchases by foreign visitors was significant, especially in Southern Moravia, Southern Bohemia, and Northern Moravia. According to CSU [Czech Statistical Office] estimates, these purchases made up about 18 percent of the total increase of retail sales in the Republic.

Approximately one half of the high volume increase of retail sales during the first half year, amounting to Kcs8.4 billion, is due to an increase in retail prices. Changes in the retail prices of industrial goods, where the price increase amounted to 5.4 percent and in services where the price increase was 3.8 percent, had the greatest impact.

With the exception of the last days in June, agricultural supply succeeded in meeting increasing consumption. The purchase of most livestock production increased compared to the first half year of 1989, the purchase of milk was almost equal to last year's rate. The purchase of fattened cattle was 2.3 percent (6.0 thousand tons) higher, fattened pigs 1.4 percent (4.2 thousand tons), fattened poultry 8.1 percent (7 thousand tons), and eggs 0.4 percent (94.3 million units). Due to the decrease in the cost-effectiveness of commercial animals, these results were achieved by drawing on fodder reserves to a large extent.

A profound product range imbalance of supply and demand continued on the market due to industrial goods. This was especially pronounced in personal automobiles, where the overall volume of sales remained at last year's level, and in Mototechna [National Enterprise, Retail and Repair of Motor Vehicle Products] it was actually smaller by 9,653 units. The opportunity individually to import personal automobiles was made use of by 8,410 persons. The import of consumer goods increased by 13.6 percent, and of this, the increase in nonfood goods was 24.8 percent.

The increase in citizens' expenditures for paid services was 4.3 percent higher than last year, nevertheless it was the slowest growing expense item.

Other citizens' expenditures increased by 8.6 percent, and this growth included, above all, the higher outlays by our citizens for purchasing foreign currency and making loan payments to the state savings bank. Banks sold foreign currency resources for Kcs3.0 billion, which was an increase of 179.3 percent over the first half of 1989. Income taxes, administrative dues, and citizens' contributions to political and church organizations were also higher.

Between January and June, 15,613 apartments of the NV plan were finished on the territory of the CR; this is less than one-third of what was expected for the year. In supply construction, 7,804 apartments were finished, but only 67.4 percent of them passed building approval inspection. A further 8,531 apartments, originally finished last year, were approved by the building inspector and assigned for use.

Despite increased social awareness, there was no significant improvement in the disastrous state of the basic environmental elements during the first half year. The volume of investments for environmental protection reached Kcs2.5 billion, i.e., 4.8 percent of the total volume of investments; this includes Kcs1.0 billion for the structure of the state program of ecological investments (Kcs743 million for protecting the purity of water, Kcs153 million for the purity of the air, and Kcs110 million for waste disposal). Harmful emissions have damaged 56.8 percent of the forests.

Drinking water supplies for households rose by 2.0 percent. 75.0 percent of the total volume of 424.3 million m³ waste waters were purified, i.e., 1.3 points less than in the first half year of 1989. According to estimates, 65.0 percent of the drinking water produced did not comply with the health norms for the quality of drinking water.

During the first half year, the long-term trend toward a gradual slow-down of the vitality of industrial and construction production turned into an absolute decline in the volume of production. Compared to the first half of last year, the volume of gross industrial production in the territory of the CR dropped by 2.8 percent. A significant decline in the volume of exports for nonconvertible currency compared to the first half of 1989 decreased the share of these exports of the total volume to 49.9 percent in fco (fob) prices. Exports for convertible currency increased by 5.2 percent in fco. However, this is still accompanied by a high proportion of raw materials and materials that need a small amount of processing.

There was a sharp drop in production in centrally managed construction enterprises. During the first half year, construction enterprises domiciled in the CR performed construction work to the value of Kcs27.7 billion, which was 5.3 percent less than last year. The number of building starts was lower than in the first half of last year by 738, and the number of partly constructed buildings by 1,687.

The structure of investments changed significantly. The total volume of construction work in the territory of the CR was lower than last year by Kcs2.6 billion, and a part of the resources not used for construction work was utilized by enterprises in the technology sphere, in order to modernize out-dated products.

In connection with the decrease in output in the production sectors, the transportation activities in the freight transportation system continued to decline during the first half year. Railroad freight transportation was 9.5 percent lower than last year, and decreased in all the critical types of goods, but most significantly (by 13 percent) in the solid fuels group. There was an even sharper decrease (17.3 percent) in the transportation of goods in the CSAD [Czechoslovak Vehicle Transportation].

The demographic development retained its normal character. At the end of June, 10,364,000 citizens lived in the CR. There were 65.9 thousand live births, and 65.2 thousand persons died. During the first half year there was an increase of 1.7 thousand persons, but only 0.7 thousand of these were through natural growth. Thus in the CR, the long-standing trend toward a gradual decrease in population growth reached a state where, in real terms, a stagnation of the number of citizens is to be expected.

Klaus Explains Ideas Underlying Privatization

90CH0386A Prague OBCANSKY DENIK in Czech
17 Aug 90 p 1

[Editorial by Vaclav Klaus: "Why Privatization"]

[Text] Today almost everyone on our country is talking about the need to introduce principles of a normally functioning market economy. Therefore agreement or disagreement with this premise is not the litmus test that divides us into reformers or nonreformers. Much more significant is the division of supporters of a market economy into two groups. One group is comprised of those who more or less think that we can play at a market economy, that we can borrow only the pleasant aspects of markets (and forget about the unpleasant aspects), and that a market can function without a predominance of private ownership. The second group includes those who know that the true revival of markets in our economy can be based on nothing other than the full revival of private ownership, that all of the noble sounding concepts of destatization, denationalization, self administration, holding companies, employee stock ownership, employee participation in profit sharing, etc. are no more than a hidden form of defence of the discredited socialist ideals we have come to know so well in the past 40 years, unless there is full private ownership of most of the national economy.

The reintroduction of private ownership is not an end in itself, but a starting point for creating an economy that functions rationally. It represents a clear and unambiguous definition of rights and responsibilities, the wins

and losses of individual market participants. It defines inviolate barriers designating who is responsible for what and who can make decisions about what. In our administrative and bureaucratic system we have been living and still live in a no-mans land where it is not clear who has decision making authority and who bears risks. This situation is the main cause of our obsolete economy.

It is obviously harder to reintroduce private ownership than to destroy it. One can decree the end of private ownership overnight but the formation of private ownership relations by natural selection has taken centuries. Therefore now we cannot be too impatient with the slow pace at which private ownership here is growing. In fact we must be impatient if we feel that we are not forming the necessary economic and legal conditions for it fast enough. The state must (successfully or unsuccessfully) create a favorable climate for the establishment of new private enterprises. It can help in this by the relatively easy method of selling off existing small state (communal) enterprises. However, without implementing fundamental legal changes the state cannot begin the critical process, namely the privatization of large parts of today's state enterprises. To accomplish this we must draft and approve in the parliaments of both governments a so-called transformation law defining the rules and basic procedures for the privatization process. The Federal Ministry of Finance and the Ministries of Privatization of both republics are currently working very intensely to draft this law.

The greatest conceptual problem revolves around the questions of who should purchase the existing state enterprises from the state, and what should be used to purchase this state property. The answer formulated in our current documents on the subject is clear. Since this property belongs to all of us (not just of those who are currently employed in one firm or another) the chosen privatization methodology must make it possible for all our citizens, if they choose, to participate in the process, regardless of whether they have (or don't have) sufficiently large monetary resources, and whether these were obtained fairly (or unfairly). The first rule, therefore, is nondiscrimination among citizens. A second problem is that in our case we are talking about the privatization of a significant portion of state property in a very short time. So that we do not sell the property too cheaply (because our savings, accumulated over 40 years, are not adequate, unfortunately), paradoxically the only alternative is to distribute it more or less for free, or for a symbolic, nonzero amount (an amount that would exclude from the process any who do not have an interest in it). This is the basis of our idea of investment coupons, which will represent financial resources for the purchase of stock in state enterprises being sold off. This is the second key regulation of our privatization proposal.

All the rest is, to be sure, technically very complicated, but conceptually more or less secondary, and should not be used to obfuscate the overall privatization process.

POLAND

Foreign Trade Enterprise Ciech: Size, Structure Defended

90EP0843A Warsaw PRZEGLAD TYGODNIOWY
in Polish No 31, 5 Aug 90 p 5

[Interview with Wladyslaw Szczepankowski, Ciech executive director, by Andrzej Rutkowski; place and date not given: "The Price of Inexperience for a Novice"]

[Text] [Rutkowski] The directors of many foreign trade headquarters boast of an increase in exports. We hear several to several million dollars. Were recent months equally good for Ciech?

[Szczepankowski] More or less the same, since our turnover in only one day is \$7 million and 9 million rubles. At the same time, in the first half of the year the increase in exports, which is what my colleagues in other foreign trade enterprises are concerned with, was \$127 million. I also believe that our sales, which were \$2.6 billion and 3.3 billion rubles last year, will be substantially greater this year. Particularly in exports.

[Rutkowski] Since things are so good, why do we hear questions as to whether Ciech is too big, that it should be split up?

[Szczepankowski] Too big, for whom? I assume that some in saying "Split it," are thinking, "Break it," so that they could then try to grab the best pieces for themselves. In the West, which has learned this lesson long ago, large concerns and very small concerns function, [as do] companies with one person or several people, as well as hundreds or thousands of middle sized concerns. Moreover, in the business world there has appeared and is becoming ever more perceptible a globalization, that is, a joining of capital and creative forces that, taking the matter in most general terms, make possible decrease in costs, improvement in quality of products, and greater acceptance on the part of customers. Not to look too far for an example, in Japan, 10 large concerns carry out 90 percent of the business in that market, one of the biggest in the world. And somehow no one tears his garments on that account. Speaking of a big Ciech from this aspect is a common, let us say, misunderstanding.

[Rutkowski] But in Poland, you are the biggest headquarters for foreign trade. Don't you believe that in view of Polish realities, smaller units are more efficient?

[Szczepankowski] In Ciech we have no great need for division. The company consists of 10 self-contained offices, independent of headquarters. The management of the cooperative concerns itself with general matters—trade policy, direction of development, arranging for credits, etc., without entering into specific agreements and contracts negotiated by the offices. In the immediate future, they will have even more authority since Ciech is

in the process of being reorganized into a holding company. Each office will become a separate enterprise acting on its own account. In the process, we will reorganize into a joint stock company. The Association of Ciech Workers has already been registered, and it has applied to the State Treasury for surrendering some of the shares it holds so that in the future worker shareholding might be organized. We also have serious offers of share purchases from renowned western companies. There are many of them. For obvious reasons, our present share holders will be given preference.

[Rutkowski] But you haven't answered my question. Is one large or are 10 small companies needed for this business?

[Szczepankowski] It all depends on what one is dealing with. If it is refrigerators, mixers, or computers, a small or middle-sized company will do. It might even be better than a large one. Not at all because it is brilliant or "has vision." This is simply the way it is in the world market. Ciech is for trade in raw materials, semimanufactured goods, and mass commodities: artificial fertilizers, sulfur, oil, pharmaceuticals, cosmetics, as well as dyes and lacquers. Trade in these commodities is concentrated to a large degree. Only large companies are involved and only these can attain better financial results. I won't speak of trade in oil, it's a well known subject. But, for example, Cansulex, Canadian Sulphur Export Corporation, is engaged in the sulfur trade in Canada, a country that is the largest sulfur producer in the world. In turn, in Morocco, which is its biggest importer, the whole matter is controlled by OCP, the Office Cherifien des Phosphates. Ciech, having a well-organized network of companies and foreign representatives, is also among these companies. We have our people in Japan, Korea, Taiwan, Singapore, Malaysia, China, the United States, north Africa and in practically all the European countries. Due to this, we are not only very well informed on what is going in the field of chemicals, we know at every moment what the prices and sales potentials and trends are. It is a question of minutes, perhaps hours, and not of finding our bearings from scratch.

[Rutkowski] Despite this, is the competition hot on your heels?

[Szczepankowski] It tries as hard as it can. Anyway, can we talk about competition in the case of an entity that wants to earn \$10 to \$20 thousand and rapidly conclude the business? Monopoly in Polish foreign trade has ceased to exist. And we can say, that's fine. Anyone who wants to engages in foreign trade. Without regard as to whether he knows how or not. They offer commodity lots, sometimes only one, but in several places and for a low price. But this has an effect on the prices of several dozen others. It gives the impression of apparent overproduction, which buyers exploit. It happens that in the same market this offer is made three times. Polish-Polish competition costs Poland hundreds of millions of dollars annually. Where Ciech is operating, a brutal rule is

binding: Every new operator must sell at a lower price and buy at a higher. The best example of this is the situation with gasoline a few months ago. When shortages began at the Petroleum Products Center stations, various small companies began to import oil. And they imported it by paying \$20 more per ton than Ciech. Parenthetically speaking, we had to wait for a permit for additional purchases.

[Rutkowski] Does this mean that it would be best not to change anything in Ciech?

[Szczepankowski] In the new economic reality, we have taken action so that the company which was, under the old order, responsible for exporting surplus goods and importing commodities indispensable to our industry was converted into a trade center responsible for actual foreign trade. We opened our first center with automobile oils in Warsaw, and we are engaged on an ever larger scale in reexport, that is, we buy commodities abroad and sell them abroad. We plan in the near future to create a network of consignment centers, wholesale firms in many branches of chemicals, especially in pharmaceuticals. This, so that we might be able to service our Polish partners by the way. The position of Ciech and the trust we have earned in the course of 45 years also make it possible to obtain advantageous credits for our shareholders. Only because Ciech is Ciech did we get approximately \$60 million in short-term credit in 1989, and in most cases, no guarantees were required.

[Rutkowski] I trust that this opinion did not originate with Ciech?

[Szczepankowski] The trade mission of President Bush which visited Poland in December last year expressed a positive opinion about only one company. As you might guess, this company was Ciech, although the "State monopoly" formula was applied here also. I would like to explain immediately that we stopped being a monopoly a long time ago. At most, we handle 70 percent of the chemicals production, and when we will stop being "State," depends only on the State Treasury, which will turn over its shares for privatization. Lastly, we have become acquainted with the materials in the technical English publication, "Accountants Digest," a veritable bible for business people involved in investigating the activities of various companies. Ciech met all these criteria.

[Rutkowski] Despite the problems that you experienced at the beginning of this year?

[Szczepankowski] Yes, although the situation was certainly not enviable. We had 700 million zlotys, but with creditors. They, in turn, had nothing with which to pay us, specifically because of the high bank interest rates. Import dropped drastically. Indeed, a dollar cost 9.5 thousand [zlotys], but when customs and trade tax were paid, this total rose to 12-14 thousand zlotys. For many of our partners, commodity import became too expensive. We operated at the edge of risk, but, as in every good house, we had money put by for a dark hour. From

our capital, we sold \$15 million, accepted additional credits, and today, at work, we have already forgotten about this small matter.

Imports Down; Initial Export Growth to West, CEMA Slowed

90EP0834A Warsaw POLITYKA-EKSPORT-IMPORT in Polish No 8 (30), 28 Jul 90 p 13

[Article by Pawel Tarnowski: "A Surprising Six Months"]

[Text] Those who like surprises in the economy, encountered more such surprises in the last six months than in the preceding 10 years. The government expected neither such a large decline in industrial output nor such a large scale of recession. Farmers did not expect that already last spring they would begin to have trouble selling their products. A similar surprise was even earlier encountered by manufacturers. Likewise, last January no one had even dreamed that the official exchange rate of the dollar would last more than three months. In reality, despite the extremely high inflation, that exchange rate has remained stable twice as long, and nothing indicates that the bell has tolled for it. For Polish conditions this is a shock. It is not the first nor the last shock.

There were more such unexpected events in the last six months. Had anyone told me that, after six months, the surplus of Polish exports over imports in trade with developed and developing countries would exceed \$2 billion (an absolute record), I would not have believed him. In designing the country's balance of payments it had been assumed that imports would exceed exports by \$800 million. This is the best proof of how unpredictable has our economy become in the present period of transformations and how difficult it is to make rational and fairly realistic forecasts nowadays.

We are introducing a free market and a rational capitalist system, so the minister of finance and his people are trying to apply the traditional techniques of financial pressure and economic signaling employed in that system, but not all the participants in the market game believe in the permanence or validity of the related signals, and this accounts for their not always logical reactions. At the same time, given the chaotic state of the economy, many government measures are producing entirely unexpected results.

Against the background of the economy as a whole, the outlook for Polish foreign trade continues to remain good. After six months we now have a positive balance of payments not only with the countries with which we settle accounts in dollars. The surplus of our exports over imports as regards CEMA countries reaches nearly 2.5 billion rubles, which also is unprecedented in the history of our economic relations.

The surplus in itself may be good news, but the manner in which it was attained is troubling. For this huge sum, with which we are being temporarily flooded, is not due

to any dynamic growth in imports of Polish goods—imports which in reality occur at a rather moderate pace. For the last six months the value of Polish exports paid in hard currencies increased by 10.8 percent compared with a like period last year, and that of exports paid in rubles fell even by 2.6 percent. We owe that big surplus almost solely to the drastic decline in our imports from both the West and the CEMA countries. In the last six months dollar imports declined by 32.2 percent, and imports from the countries of the former socialist camp by 36.4 percent. Throughout all these months our purchases of consumer and producer goods for hard currencies have been dwindling. Only the imports of investment goods were somewhat higher than in a like period last year, but in the succeeding months they also have been decreasing.

Close to a Disaster

The picture of the purchases which we succeeded in making in CEMA countries is even worse. In the last six months shipments of all groups to Poland declined, with the exception of farm products. Compared with a like period last year, we imported only 32.8 percent as much in foods, 35 percent in pulp and paper, 50 percent in chemicals, 58 percent in electrical machinery, and 62 percent in fuels and energy. In short, this verges at a disaster. Imports paid in hard currencies have dwindled, because an overwhelming majority of companies wound down production or lived off their inventories, while other [that is, CEMA] imports—chiefly from the USSR—declined because our partners ceased to fulfill their contract obligations or were tardy with deliveries.

Lighter Pressure

The phenomenon of the acute decline in imports, and chiefly in the imports of investment and producer goods, was viewed by the government as so disturbing that it recently decided to reduce or suspend duties on several thousand kinds of merchandise. The financial corset clamped on the enterprises since the beginning of the year also was slightly relaxed, but for the time being it is not certain whether these measures will suffice to reverse the current unfavorable import trends.

Unlike Polish imports, Polish exports—at least those paid for in hard currencies—have been higher than last year. Compared with the declining output, this is a success. Gratifying results have been achieved by the producers of farm commodities, minerals, chemicals, and garments, as well as by construction companies. The high exchange rate of the dollar had been a strong export incentive only at the beginning of the year, as subsequently it was offset by the inflation, but by then the intensification of contacts with the world was promoted by the awareness that the domestic market is shrinking and it is difficult to sell anything on it.

Unfortunately, this westward march is becoming slower with each step. By last June exports for hard currencies were only 6.8 percent higher than in June 1989, that

being the lowest growth indicator since last February. It cannot be otherwise anyhow, considering that industrial output continues to decline, the profitability of imports is becoming problematic in view of the stable exchange rate of the dollar and the still substantial inflation, and the domestic market is beginning to revive, even if only minimally. Besides, unless prices are slashed, producers have no chances for markedly expanding the exports of their still outdated and shoddy goods. Being aware of their own deficiencies, they fairly often prefer instead to curtail output, hike domestic prices, and sell abroad only if all other roads to survival fail them. A new acceleration of exports in the next few months could happen only in the event of a devaluation of the zloty or even greater difficulties on the domestic market. Neither possibility is in the offing as yet, and since that is so, exports have become even less tempting than previously.

But the situation with Polish exports to CEMA countries is different. Until May they have been rising markedly. In June they began to shrink owing to the government's maneuvers with the exchange rate of the ruble (the ruble in the trade not comprised by official [government] agreements is worth only 1,000 zlotys). It is to be assumed that encouraging these exports will produce even greater effect in the coming months. Of course, the surplus gained willy-nilly in nonconvertible currencies during the first half of the year is no cause for joy to anyone. We regularly discuss the ways of utilizing that surplus with representatives of the USSR authorities, but so far without evident results.

The Soviet side would like to credit that surplus to our problematic debt to the USSR. But Poland's Ministry of Foreign Economic Cooperation is instead promoting the concept of using that money to pay Polish obligations next year when our trade with the USSR will be based on the dollar. In one way or another, the recent growth rate of the ruble surplus has not been acceptable. A revaluation of the zloty should curtail this phenomenon.

Problems With the [Hard Currency] Surplus

We do not, of course, have this kind of problem with dollars. These involve different and more pleasant problems. The repayment of Polish debts to the governments and Western commercial banks has been temporarily deferred, so that there remains only the problem of how to best invest these extra export earnings. The concern for profitably investing that additional \$2 billion earned in foreign trade, along with other reserves, is formally a problem of the Polish National Bank. It turns out that these funds are, in measure with the increase in the positive balance of trade, lent to various large Western banks, most often for three-month or other, shorter periods. Between January and mid-July we had thus earned \$93 million. That seems a lot. But might not we have earned even more?

Bankers, especially those who invest state reserves on the international financial market, would answer this negatively. They would say that they did everything to lend

out that money at a profit, and only to extremely creditworthy companies at that.

But there remains the question of whether these funds should not be gradually allocated for investments in manufacturing, trade, and transportation rather than solely in capital. The Chairman of the NBP Wladyslaw Baka anticipates that in the second half of this year our foreign exchange reserves will grow by an additional US\$1 billion. Then also there is the untouched billion [dollar] stabilization fund. Such substantial foreign trade earnings would, if utilized outside the banking system, presumably prove more useful. To be sure, they have been earning interest so far, but when one thinks of them one feels somehow dissatisfied.

There also are other, trivial problems. It seems that, in this field of the Polish economy too, the disintegration of the old structures is not happening at a sufficiently rapid pace. The share of the old central agencies and centralized trading enterprises remains high, although the number of joint-stock and small private companies is rising.

It may be that more pronounced organizational changes will take place in the second half of the year, although this time too a definite turnabout is difficult to expect. Nowadays it is said that the trick is not so much to manufacture quality goods as to advertise and sell them. But we still are having troubles on both fronts.

Bankruptcy Looms Over Enterprises Unable To Make Dividend Payments

90EP0876A Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 20 Jul 90 p 1

[Unattributed article: "Companies in the Red"]

[Text] It is no picnic working for a company which is no longer able to settle its obligations to the budget, the financing bank, and the suppliers. Under the law, the enterprise may be declared insolvent when it suspends the payment of debts, provided that short-term suspensions of debt payments due to temporary difficulties do not constitute grounds for declaring insolvency.

The law on state enterprises says that in cases when the profit of an enterprise, after the payment of the profit tax, is not sufficient to pay dividends, the company may be liquidated. Curative proceedings may be initiated with regard to companies which fail to pay dividends.

Until now, the procedure of establishing which enterprises are in the red and why has not become completely public. The Ministry of Industry in its capacity as the founding entity receives notifications from the Ministry of Finance, banks, treasury chambers, employee councils, and directors of enterprises on the financial condition of individual companies.

A list of enterprises with overdue dividend payments to the budget is the most important document. This document is prepared in the Ministry of Finance and is subsequently verified by the Ministry of Industry. The latter periodically compiles a list of enterprises which have been placed in liquidation or are undergoing curative proceedings, based on its own information system. This list as of 12 July 1990 includes 51 enterprises, of which only four have been placed in liquidation, and another four have been scheduled for liquidation. The remaining enterprises are being scrutinized by various inspections; they are the subject of economic analyses and expert evaluation. These are the so-called curative proceedings which do not yet amount to a decision on liquidating the company.

The list which we are publishing has been submitted to, among others, deputies from the Sejm Commission for the Economic System, Industry, and Construction. Having no access to more detailed documentation, we are surprised to find on the list companies which are well-known inside the country and abroad. Let us read.

I. Enterprises in liquidation:

1. A. Strug Wool Industry Enterprise in Lodz.
2. Construction Equipment Enterprise ZREMB in Warsaw.
3. Cotton Industry Enterprise in Zary.
4. Machine Tool Industry Enterprise PONAR-REMO in Tluszcz.

II. Enterprises scheduled for liquidation:

1. Wool Industry Enterprise KONSTILANA in Konstancinow near Lodz.
2. Mining Materials Service Enterprise USGOR in Siemianowice Slaskie.
3. Mineral Raw Materials Enterprise in Januszkowice.
4. Housing Construction Enterprise of the Coal Industry KOMBUD in Myslowice.

III. Enterprises undergoing curative proceedings:

1. Cotton Industry Enterprise POLTEX in Lodz.

IV. Enterprises scheduled for curative proceedings:

1. Rzeszow Leather Industry Enterprises RESPAN in Rzeszow.

V. Enterprises operating on the basis of expert analysis and evaluation:

1. Aluminum Mill—Konin-Maliniec.
2. Worsted Yarn Spinning Mill POLMERINO—Lodz.
3. Cotton Industry Enterprise REMA-KORD—Lodz.
4. Wool Industry Enterprise TOMTEX—Tomaszow Mazowiecki.
5. Harvesting Equipment Factory AGROMET—Poznan.
6. Stripping, Assembly, and Mechanical Enterprises of Rock Mining BUDKRUSZ—Aleksandrow Kujawski.

7. Radio Equipment Enterprise UNITRA-RZESZOW—Rzeszow.

8. Brzeg Enterprise of Railway Car Equipment BEWAG—Brzeg.

9. Construction Machinery Factory BUMAR-PROMA—Ostrowek Wegrowski.

VI. Expert reviews have been prepared for:

1. Wool Industry Enterprise WOLANA—Zdunska Wola.

2. Transportation and Construction Equipment Enterprise of the Light Industry in Lodz.

3. Kornica Chalk Enterprise—Kornica.

4. Pomeranian Foundry and Enameling Plant—Grudziadz.

5. Transportation and Shipping Enterprise of Construction in the Coal Industry in Katowice.

6. Cotton Industry Enterprise POLINO—Lodz.

7. Zielona Gora Enterprise of Insulating Materials for Construction IZOLACJA—Cigacie near Zielona Gora.

8. Hard Coal Mine GRODZIEC—Bedzin-Grodziec.

9. Institute of Domestic Natural Fibers—Poznan.

10. Motor Vehicle Gears Plant POLMO—Tczew.

11. Hard Coal Mine SATURN—Czeladz.

12. Hard Coal Mine NIWKA-MODRZEJOW—Sosnowiec.

13. Lodz Leather Industry Enterprises SKOGAR—Lodz.

14. Mechanized Household Appliances Enterprise PREDOM-TERMET—Swiebodzice.

15. SZKLARY Mill—Szklary.

16. Zielona Gora Mineral Raw Materials Quarries—Zielona Gora.

17. Sroda Industrial Fabrics Enterprise—Sroda Wielkopolska.

VII. Expert analysis and evaluation being prepared for:

1. Hard Coal Mine JOWISZ—Bedzin.

2. Farm Machinery Factory AGROMET—Lublin.

3. Wroclaw Mining and Geological Enterprise of the Construction Materials Industry—Wroclaw.

4. Bielsko-Biala Fur Industry Enterprise BESKIDIANA—Bielsko-Biala.

5. Modernization Enterprise of the Machine Building Industry TECHMA-LUBLIN, Lublin.

6. Mazowsze Enterprise of Insulating Materials for Construction IZOLACJA—Malkinia.

7. M. Kasprzak Radio Equipment Enterprise—Warsaw.

8. Tape Recorder Manufacturing Enterprise UNITRA-LUBARTOW—Lubartow.

9. Excavation, Repair, and Assembly Enterprise of Mineral Materials Mining—Krakow.

10. Pulp and Paper Enterprises—Kwidzyn.

11. Hosiery Industry Enterprises BISTONA—Lodz.

12. Cotton Industry Enterprise UNIONTEX—Lodz.

13. Electric Bulb Enterprise POLAM-RZESZOW—Zaczernie.

14. Engineering Enterprise URSUS—Warsaw.

15. Zyrardow Linen Industry Enterprise in Zyrardow.

POLAND

Rising Crime Rate, Types of Crime Profiled*90EP0845A Warsaw TRYBUNA in Polish 30 Jul 90 p 1*

[Article by DIK: "Our Daily Fear"]

[Text] The neighborhood kiosk greets us with a boarded up window and a sign that reads: "Closed due to break in." And on a nearby store: "Inventory following burglary." There are at times several such signs on the same street.

Increasingly more tenants have opted for having an intercom system installed. Additional doors and iron grating are becoming more prevalent on stairways. Those with vehicles are organizing neighborhood night patrols of their apartment building parking lots.

If this were not enough, people try not to return home alone in the evening because stations, underground street passageways, and downtown as well as suburban areas have become unsafe. Is this a neurotic fear caused by accounts told by friends, press and television reports, or a justified daily fear for one's property, health and life?

There have been 381,286 crimes recorded in the first half of this year making this 69 percent more than during the same period last year. The so-called crime coefficient per 100,000 residents has increased to 1,005, i.e., by 384 in comparison with the first half of 1989.

Large urban centers are the most threatened. Nearly 65 percent of all the crime committed in the country is attributed to 16 of the most urbanized and industrialized voivodships inhabited by half of Poland's population. The residents of cities (85 percent of overall crime) have the most justifiable cause for fear. Warsaw is the most dangerous along with its voivodship where the crime coefficient per 100,000 residents is twice as high as the national average. Behind Warsaw are the following voivodships: Lodz, Gdansk, Szczecin, Legnica, Jelenia Gora, and Wroclaw. The most peaceful regions include Rzeszow, Przemyśl, Lomza, Bielsko, Kalisz, Tarnobrzeg, Krosno, and Konin.

Theft of property dominates in crime statistics (in the past half year, it constituted 69 percent of criminal acts overall whereas crimes against life and well-being—came to only 1.8 percent). Police reports are noting burglary associated with apartment breakins increasingly more often. Audacity on the part of perpetrators of street and home assaults is growing. More and more frequently, firearms and gas pistols are being used and victims are overpowered by chemical substances. Besides amateurs, professional criminals are beginning to appear—the already infamous gangs of pickpockets at Warsaw's Central Station as well as gangsters about whom PRZEGŁAD TYGODNIOWY wrote in a report on the police campaign in Nadarzyn that "they have ceased being an

exotic phenomenon in Poland." "In this particular case, we are 'pursuing Europe' at an alarming speed."

A new phenomenon is the growing number of burglaries with breaking and entering into so-called public buildings; church gates as well as generally poorly secured doors to the increasingly better filled stores with attractive goods are being forced open for "kicks." The controversial sex shops have barely appeared and already a few of them have been robbed.

In the first half of this year, 281 homicides have been committed or were attempted, i.e., 12 percent more than a year earlier. The main motive for the majority of murders are family conflicts. However, there is also no shortage of these crimes that are robbery or sexually motivated. Nearly every fifth murder is committed in connection with some other crime, most frequently mugging, robbery, and theft. Several years ago, the majority of scuffles, injuries, etc. were noted in predominantly rural voivodships. Currently, Katowice voivodship is in the lead.

The fact that the so-called detection of crimes is declining (during the past six months, in general, slightly more than 25 percent [were solved] as compared with the same time last year) is, undoubtedly, alarming. The finding of the perpetrators of burglaries, thefts, and break ins turns out to be particularly ineffective.

The law pertaining to the police went into effect on 10 May of this year. After 10 August, police structures are to function already according to the new rules.

The ordinary citizen is, above all, interested in how quickly a sufficient number of security guards [policemen] will be provided (there are constant cadre shortages) and the measures that will be used against the increasingly better organized offenders. A citizen does not want to be afraid.

ROMANIA

Norwegian Aid for Hospital Renovation Detailed*90P20131A Oslo AFTENPOSTEN in Norwegian 7 Sep 90 p 4*

[Article by Rune Indroy Jorn: "Unique Gift to Romania"]

[Text] Bergen. The residents of Bergen are constantly exploring new ways to help Romania to get back on its feet after the revolution. In September a large children's hospital will be spruced up in Cluj.

The enterprising members of the Rafto movement have been able once again to collect money and materials. Up until now the movement has supplied Romania with

12-15 million kroner. But this time there is talk of a project just a little bit out of the ordinary. When a group of firemen from Bergen were in Romania to distribute aid a few months ago, they visited among other things, the university hospital in Cluj in Transylvania. A terrible sight greeted them. At a press conference on Thursday it was said that the hospital was as good as stripped of equipment. It is worn down and is not suitable for children in its present condition.

"Everything is in place now to make the hospital a far better place and to begin treating children in the beginning of October. We have received support from the

Foreign Ministry, among others, to carry out the project," says Egil Rafto.

The people behind the project place great weight on emphasizing that they know exactly what is needed to make the project a success. Funds of up to 1.5 million kroner have been gathered from Bergen industry.

"The hospital has 100 beds. It treats 4,000-5,000 children a year. It is a wide-ranging task we have taken upon ourselves. We will succeed in returning the smiles to the faces of the innocent children, says Rafto.

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